



Tempo Investment Advisors, Inc.

Form ADV – Part 2A

Last updated March, 2020



Item 1 – Cover Page

This brochure provides information about the qualifications and business practices of Tempo Investment Advisors, Inc (a.k.a. Tempo). If you have any questions about the contents of this brochure, please contact us via phone; 952-300-8836. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Tempo is a registered investment advisory (RIA) firm. This, however, does not imply a certain level of skill or training. It merely signifies that the firm and its owners are current and up-to-date with all necessary regulatory filings and fees.

Additional information about Tempo may also be found on the SEC's website:

www.advisorinfo.sec.gov

Item 2 – Material Changes

Since the annual amendment filed in March, 2019 there have been no material changes to our business.



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Item 4 – Advisory Business

Tempo was incorporated in 1986. Advisory services available to clients are comprehensive financial planning with a focus on investment management, and retirement capital needs analysis.

Our financial planning business follows a defined process:

1. Engagement: determine, with the client, what the family would like from a planning standpoint.
2. Data Gathering: collect the necessary information in order to complete the plan (tax returns, investment account statements, etc.)
3. Analyze the Data
4. Develop and Present the plan: this is based upon what the family would like their plan to include
5. Implement the plan: this will be a step with shared responsibility by the planner and the family
6. Monitor: ongoing monitoring of performance to the plan. This also has shared responsibility; the planner and family must re-connect when things have changed.

These are the basic steps that are followed, but sometimes it's necessary to revisit a step or have continued dialogue within a step. Each step requires something from the planner, of course, but there is also a lot required from the client; this is something that often gets overlooked. A plan is only as good as the interaction and dialogue between the client and us.

For visual people, below is a table that highlights the separate “domains” that a financial plan may address; Financial Position, Insurance, Investments, Retirement, Tax and Estate Planning:

Financial Planning Process							
Common Topics	Domain	Establish Relationship	Gather Data	Analyze	Develop / Present Plan	Implement	Monitor
Cash Flow Stmt Balance Stmt Major Purchase	Financial Position						
Survivor Protection Long-Term Care Disability Protection	Protection / Insurance						
Risk Adj. Return Appropriate Allocation Income / Cash Flow	Investments						
Education Funding Lifestyle Social Security	Retirement						
Tax Efficiency AMT Planning Current Tax Deferral	Tax						
Transfer of Assets Special Needs Business Continuity	Estate						

Each domain has its own considerations that need to be discussed and decisions need to be made that our software can't do for us... but it can certainly help. Each empty square needs to be addressed if a full plan is to be developed.



Our investment management process entails a detailed discussion of our client's goals and values. We use a risk tolerance questionnaire as a guide and first step in the design for the client's investment strategy. Clients may request that we restrict, or limit, the investments in certain industries, or types of securities, and we are able to accommodate those requests.

The types of securities that we typically manage are:

- Exchange Traded Funds
- Mutual Funds
- Individual stocks
- Individual bonds

Exchange Traded Funds (ETFs) are similar to mutual funds in that they are a portfolio of individual corporate stocks and/or bonds typically focused in a specific area of the market. ETFs may also hold public debt in the form of municipal bonds, Treasury Bills, etc. Just like mutual funds, they may be as diversified as the total United States market (or even broader), or they may be as specialized as stocks in a single emerging market (India, for example). The main difference between ETFs and mutual funds is that ETFs are traded continually on the open market and have real-time values like individual stocks. Mutual funds reconcile their values after the close of the market each trading day. ETF expense ratios, the cost of holding a position in the security, are generally much lower than mutual fund expense ratios.

We also advise on held-away retirement accounts, such as 401(k) accounts via an appropriate secure portal outside the custody of Tempo. We consider the investment positions in these accounts as a part of a given client's entire portfolio.

As of Feb. 22, 2020, Tempo has \$101.8 million of Assets Under Management (AUM) and Advisement.

Item 5 – Fees and Compensation

Tempo is compensated on a fee-only basis and invoiced in arrears.

The fee schedule follows:

Assets under management	Yearly (quarterly) Management Fee
Up to \$1 million	1.0% (0.25%)
Beyond \$1 million by any source	0.5% (0.125%) This includes fees for invested Startups

Clients choose either to have their fees deducted from their account(s) or to send a check for our services. Clients are not billed in advance for our services, we bill only on services performed.

Client accounts also pay for the expenses associated with owning mutual funds or ETFs. These fees go directly to the Mutual Fund Company or ETF provider; we are not involved in these fees. Clients are also responsible for paying transaction costs associated with the buying and selling of securities that we perform during the course of managing their investments. These costs go directly to the brokerage firm; we are not involved in these fees but we do initiate transactions that result in these costs for our clients. Please refer to the section where we discuss our relationship with our Broker/Dealer. Because we are long-term investors, trading is kept to a minimum. Additionally, we seek high quality, low expense ratio investments. Both of these features are in the best interest of the client. While we use mostly ETF funds, all of the mutual funds that we invest in are no-load, or load-waived funds.

We are not compensated by commission, or any other means, for the securities in which we choose to invest the assets we manage. The securities with which we choose to invest our clients' assets are based solely upon the quality of investment and risk profile of each client. As such, we have no conflicts of interest to report in this regard.

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Item 6 – Performance-Based Fees and Side-By-Side Management

We do not charge performance-based fees and have no side-by-side management conflicts to discuss.

Item 7 – Types of Clients

The types of clients to whom we generally provide investment advice are individuals, families, small businesses, and pension plans. We generally have a minimum account value not to be less than \$100,000. This may vary based upon the future prospects of a given household. If a client of limited assets is dedicated to saving for the future and places a high value on our services and planning then we are pleased to work with them.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

In order to make investment decisions we closely monitor information that may materially affect the securities that we invest in. This includes domestic and global political influences, market trends and activities, and proprietary analyses performed by trusted third-party service providers.

General Risk of Loss Statement: Investing in the securities markets involves risk of loss that clients should be prepared to bear. While we take actions to limit loss in account values, we cannot guarantee certain investment performance or investment loss avoidance. Diversification at two levels is a key component of risk management. Using ETF assets, each asset has typically greater than 50 stocks / bonds within the ETF providing one level of diversification. Additionally, we invest in a variety of sectors and size of investments such as large, mid and small capitalization assets and international ETFs as the second level of diversification. For each client, we obtain a risk tolerance analysis coupled with long term planning to provide a better understanding of expectations for growth and risk.

Item 9 – Disciplinary Information

There are no disciplinary actions, past or pending, to report. To monitor our firm and any other Investment Advisory Firm, please refer to the website listed below:

<https://www.adviserinfo.sec.gov/Firm/123326>



Item 10 – Other Financial Industry Activities and Affiliations

Brent Romenesko is licensed to sell life, health and long-term care insurance in various states in which Tempo has clients. He would seek to become licensed in other states where it makes sense in order to implement risk management planning for clients of the firm.

Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

We have adopted a code of ethics that addresses our interaction with clients and certain business practices that are designed to safeguard client data and communication, among other things. This code of ethics is available upon request.

There are a few points that we'd like to highlight that are also addressed in our code of ethics:

- We personally invest in the same securities held in client accounts
- We conduct personal transactions on securities at or around the same time as our client accounts

The two points mentioned above are related. We invest in the same securities as our clients and we make transactions in our personal investment accounts around the same time as we conduct transactions in our client accounts. The conflict that can arise from this activity surrounds the timing that our personal accounts are traded relative to our client accounts. If an owner of an investment advisory business personally purchased a security prior to all clients' purchases, then, due to the increased demand of that security based on client purchase orders, the security's value could increase and unfairly enrich the manager. Therefore, that account would show an investment gain solely based upon the fact that the security was purchased ahead of the client accounts. This practice is called "front running" and is illegal. It also violates the fiduciary responsibility to clients; client interests must be placed ahead of one's own.

The way we avoid this conflict is we either have our orders in the same block as our clients as much as possible (and in so doing result in the same purchase price for all accounts included) or we make trades after our client transactions are complete. Both scenarios do not result in any predictable favorable pricing between our personal accounts and those of our clients.

Item 12 – Brokerage Practices

Tempo does not maintain custody of client assets that we manage. Assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. We recommend that our clients use Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC as the qualified custodian. We are independently owned and operated and are not affiliated with Schwab. Schwab holds client assets in a brokerage account and buys and sells securities based on our instructions. While we recommend that clients use Schwab as custodian/broker, clients will decide whether to do so and will open accounts with Schwab by entering into an account agreement directly with them. We do not open the account for clients, although we may assist them in doing so. Even though client accounts are maintained at Schwab, we can still use other brokers to execute trades for client accounts as described below (see "Your Brokerage and Custody Costs").



How We Select Brokers/Custodians

We seek to recommend a custodian/broker who will hold client assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others:

- Combination of transaction execution services and asset custody services
- Capability to execute, clear and settle trades
- Capability to facilitate transfers and payments to and from accounts
- Breadth of available investment products (stocks, bonds, mutual funds, ETFs, etc.)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services and willingness to negotiate the prices
- Reputation, financial strength and stability
- Prior service to us and our clients

Brokerage and Custody Costs

For our clients' accounts that Schwab maintains, Schwab generally does not charge clients separately for custody services but is compensated by charging clients commissions or other fees on trades that it executes or that settle into client Schwab accounts. In 2019, Schwab led the market with trades having no fee provided the trades were done electronically. Our firm only uses electronic trading which results in no trading fees. Schwab's asset-based fees applicable to our client accounts were negotiated based on the condition that our Firm's clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab. This commitment benefits clients because the overall asset-based fees paid are lower than they would be otherwise. In addition to asset-based fees, Schwab charges clients a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into client Schwab account. These fees are in addition to the commissions or other compensation clients pay the executing broker-dealer. Because of this, in order to minimize client-trading costs, we have Schwab execute most trades for all accounts. We have determined that having Schwab execute most trades is consistent with our duty to seek "best execution" of trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see "*How We Select Brokers/Custodians*").

Products and Services Available to Us from Schwab

Schwab Advisor Services™ is Schwab's business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage—trading, custody, reporting, and related services—many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts; while others help us manage and grow our business. Schwab's support services generally are available on an unsolicited basis (we don't have to request them) and at no charge to us as long as our Firm's clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab. If our clients collectively have less than \$10 million in assets at Schwab, Schwab may charge us quarterly service fees. Following is a more detailed description of Schwab's support services:

Services That Benefit Our Clients

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit clients or their account.

Services That May Not Directly Benefit Clients

Schwab also makes available to us other products and services that benefit us but may not directly benefit clients or their account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or a substantial



number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting

Services That Generally Benefit Only Us

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and
- Business succession
- Access to employee benefits providers, human capital consultants, and insurance providers

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits, such as occasional business entertainment of our personnel.

Our Interest in Schwab's Services

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services so long as our Firm's clients collectively keep a total of at least \$10 million of their assets in accounts at Schwab. Beyond that, these services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. The \$10 million minimum may give us an incentive to recommend that clients maintain an account with Schwab, based on our interest in receiving Schwab's services that benefit our business rather than based on clients' interest in receiving the best value in custody services and the most favorable execution of their transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services (see "*How We Select Brokers/Custodians*") and not Schwab's services that benefit only us. We have well over \$10 million in client assets under management, and we do not believe that recommending our clients to collectively maintain at least \$10 million of those assets at Schwab in order to avoid paying Schwab quarterly service fees presents a material conflict of interest.

Item 13 – Review of Accounts

Tempo performs ongoing review of client holdings and holds weekly investment committee meetings to determine if the securities are meeting performance expectations. If those securities do not meet the performance expectations then client accounts are adjusted accordingly. Financial and retirement plans are reviewed with the client annually, or more frequently, if requested.

The firm provides quarterly reports that describes past market activity and what is expected to occur in the market in the future. These are electronically written reports that accompany quarterly statements. Our review of household portfolio performance values are compared to common benchmarks, like the Standard and Poor's 500, a blended index 80/20 Equity/Bond allocation, the NASDAQ and the Russell 2000.



Item 14 – Client Referrals and Other Compensation

Tempo does not compensate any third party in any way to refer prospective clients to us.

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (see *Item 12 – Brokerage Practices*). The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

Item 15 – Custody

Under government regulations, we are not deemed to have custody of client assets except for management fee deductions authorized by clients. The Schwab Compliance Department monitors management fee deductions and contacts the advisor should there be any unusual deductions. Schwab maintains custody of client assets. Clients receive account statements directly from Schwab at least quarterly. They are sent to the email or postal mailing address provided to Schwab by the client. Clients should carefully review those statements promptly when they receive them. We also urge clients to compare Schwab's account statements to the quarterly performance reports they receive from Tempo.

Item 16 – Investment Discretion

Tempo requires discretionary authority to manage securities accounts on behalf of clients. Clients must execute a power of attorney to grant this authority to Tempo. This discretionary authority allows the firm to act on behalf of our clients in the purchase and sale of securities and disbursement of account funds to the account holder's address of record.

Item 17 – Voting Client Securities

Tempo does not have authority to vote client securities. Clients receive their proxies or other solicitations directly from their custodian or a transfer agent. Clients may, and are encouraged to, seek advice from us about any solicitation that they receive if they are not knowledgeable about the information.

Item 18 – Financial Information

Tempo does not require or solicit prepayment of any amount from our clients. Also, the company, in its history, has not been the subject of a bankruptcy petition or proceedings. Therefore, Tempo is not required to provide a balance sheet to clients or prospective clients.



Item 19 – Requirements for State-Registered Advisers

Formal Education of Officers and Management of the Firm

David Romenesko, President and CIO, Compliance Officer, Director

Bachelor of Science in Chemistry, University of Wisconsin – LaCrosse; 1971

Masters of Science in Physical Chemistry, University of Michigan, 1974

Series 65 – Uniform Investment Adviser Law Examination; 2006, 2011

Investment management is David's full time job. A minor component of his professional life revolves around his past profession as a Silicone Scientist. His consultation is less than 5% of an average workweek focused mainly in plastics.

Brent Romenesko, Partner, Wealth Manager, Director

Bachelor of Science in Materials and Metallurgical Engineering, Michigan Technological University; 2001

Masters of Business Administration – Finance, University of St. Thomas (St. Paul, MN); 2011

Series 65 – Uniform Investment Adviser Law Examination; 2013

Certified Financial Planner Practitioner, CFP® (#187891)

Life and Health Insurance Producer, State of Minnesota (#40371811)