

**Setchfield Asset Management
Part 2A of Form ADV
Firm Brochure**

**Setchfield Asset Management
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Updated: February 3, 2020

Setchfield Asset Management, (we, us, our) is an investment advisor that is registered with the State of Colorado. Registration with the state or SEC does not imply a certain level of skill or training.

This brochure provides information about the qualifications and business practices of Setchfield Asset Management (SAM). If you have any questions about the contents of this brochure, please contact us at 800-252-2925. The information in this brochure has not been approved or verified by the SEC or by any state authority.

This brochure details important disclosure information about certain programs that we offer. We do not offer other programs that are not discussed in this brochure.

Additional information about Setchfield Asset Management also is available on the SEC's website at www.adviserinfo.sec.gov. Setchfield Asset Management is IARD #113289.

Item 2: Material Changes

Since the annual update filed on 3/22/2019, the following are material changes:

- Item 4: Advisory Business has been updated to reflect current assets under management, and Setchfield Asset Management's application for registration with the Securities and Exchange Commission.
- Item 19: Requirements for State-Registered Advisers has been deleted as it no longer applies.

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Item 4: Advisory Business

Setchfield Asset Management (“SAM”) is an investment advisor registered with the Securities and Exchange Commission (SEC). Being registered does not mean that SAM is endorsed by any regulatory authority.

Representatives of SAM are required to be registered in each state where the client resides, according to each state’s requirements.

Setchfield Asset Management was founded in 1996, and is a private company owned by Steven Setchfield and Cindi Jacobs.

At Setchfield Asset Management we provide a fee based platform for clients that allow us provide model portfolios, sector rotation, and asset allocation strategies. These models are selected and monitored by SAM.

We also provide portfolio management services for a fee which include:

- Assistance in selecting a portfolio manager
- Ongoing evaluation and review of managers
- Evaluation and review of portfolio composition
- Management of accounts
- Financial Planning
- Active portfolio management

Portfolio management includes designing a portfolio through buying and selling stocks, bonds, mutual funds, options, managed futures, insurance products, private placements, and other securities

At SAM we tailor our advisory services to the individual needs of clients, taking into account your investment goals and needs when recommending any advisory product or service. Our intention is to provide you with products and services that will help you to meet your goals and needs. We will gather personal information when helping you choose a product or service. This information may include:

- Your investment experience
- How soon you need the money
- Your current financial situation including income and net worth
- Your ability to lose money, and withstand markets fluctuations
- Your personal instructions regarding your future needs

Clients may impose certain restrictions on investing in certain securities or types of securities if SAM, in its sole discretion, determines that requested restrictions will not interfere with our ability to effectively manage your investments.

As of 2/3/2020, SAM manages \$105,000,000 on a discretionary basis, and \$5,000,000 on a non-discretionary basis, for a total of \$110,000,000 under management.

Item 5: Fees and Compensation

The fees and other charges that you pay for advisory products or services that we offer will depend on several different factors. The fees for advisory products are generally based on the “Assets under Management.” This means the account is charged based on the account balance as the last business day of the quarter. The fees are deducted directly from the account. The accounts are billed in arrears. The account statements you receive from the custodian will reflect the deduction of these fees.

Some assets in your account may not be included in the calculation of your advisory fee. With approval from our management, we will allow you to hold an asset in your advisory account without being charged the advisory fee.

Management fees are negotiable at the sole discretion of SAM.

Fee Accounts:

Fees will range from .50% to 2.00% annually, and each client’s fee will be specified in their advisory agreement.

Other Fees

Based on the activity in your account, you may pay more or less for a managed account than if you had a brokerage account or an account held directly with a mutual fund company. SAM will discuss which option is appropriate for you.

Conflicts of Interest

SAM buys and sells securities that we also recommend to clients. This is a conflict of interest, in that we may have the opportunity to receive a more favorable price than the client. SAM mitigates this conflict by our policy of always giving the client the lowest price, or the same price that SAM received.

Steven Setchfield is licensed to sell insurance and may receive commission compensation from insurance products that he recommends to clients. This is a conflict of interest. This conflict is mitigated by the following:

- SAM will always act in clients’ best interest, as required by our fiduciary duty;
- SAM will disclose commission compensation from insurance products to clients;
- Clients always have the right to decide whether to implement insurance recommendations; and
- Clients always have the right to purchase insurance products through another agent, and are under no obligation to purchase through SAM.

Item 6: Performance-Based Fees

SAM does not charge performance-based fees.

Item 7: Types of Clients

At SAM we provide investment advice for individuals, high net worth individuals, 401k plans, profit sharing plans, corporations and businesses.

Account minimums

SAM does not impose an investment minimum for our services, however we reserve the right to reject clients regardless of account size. Some of the institutional money managers may require an account minimum.

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

We manage client assets based on several factors. These sources include technical and fundamental analysis. Dorsey Wright & Associates provides the technical risk management, and we use Value Line, Morningstar, to determine the fundamentals of a particular security.

- **Fundamental Analysis** – fundamental analysis is a technique that attempts to determine a security's value by focusing on underlying factors that affect a company's actual business and its future prospects. The term refers to the analysis of the economic well-being of a financial entity as opposed to only its price movements.
- **Technical Analysis** – technical analysis is a technique that relies on the assumption that current market data (such as charts of price, volume, and open interest) can help predict future market trends, at least in the short term. It assumes that market psychology influences trading and can predict when stocks will rise or fall.

Types of Risk

Various types of risk are involved when investing in securities.

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability

than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.

- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

Assessing Risk

While some types of risk can be mitigated by investment strategies, many of these risks cannot be eliminated completely. We will work with you to make sure that you are comfortable with the risks associated with your account.

Risk of Loss

You should know that all types of securities investing involve risk. Your account value will fluctuate and will increase and decrease over time. You should not invest in any product if you are not prepared to bear a potential loss.

Past performance does not guarantee future results.

Item 9: Disciplinary Information

Setchfield Asset Management has no legal or disciplinary events to disclose.

Item 10: Other Financial Industry Activities and Affiliations

Steven Setchfield is licensed to sell insurance and may receive commission compensation from insurance products that he recommends to clients. This is a conflict of interest. This conflict is mitigated by the following:

- SAM will always act in clients' best interest, as required by our fiduciary duty;
- SAM will disclose commission compensation from insurance products to clients;
- Clients always have the right to decide whether to implement insurance recommendations; and
- Clients always have the right to purchase insurance products through another agent, and are under no obligation to purchase through SAM.

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

Overview

We have adopted a Code of Ethics (COE) to establish rules of conduct for all employees of SAM. The COE recognizes our fiduciary responsibility to our clients. The COE instructs all employees to conduct their affairs in such a manner as to avoid:

- Serving their own interests ahead of clients' interests
- Taking inappropriate advantage of their position
- Engaging in unacceptable actual or potential conflicts of interest

We do not permit our employees to solicit or recommend transactions in a security in which that employee has a material financial interest.

Our employees may, however, invest in the same securities that clients purchase. This conflict of interest is mitigated by our COE, which states clients will receive pricing preference on all trades. Our employees will not receive a better price on trades. We have surveillance systems in place that detect trading patterns between supervised persons and clients.

A copy of our COE is available upon request by calling Steve Setchfield at 303-627-1099.

Item 12: Brokerage Practices

Custodians/broker-dealers will be recommended based on SAM's duty to seek "best execution," which is the obligation to seek execution of securities transactions for a client on the most favorable terms for the client under the circumstances. Clients will not necessarily pay the lowest commission or commission equivalent, and SAM may also consider the market expertise and research access provided by the broker-dealer/custodian, including but not limited to access to written research, oral communication with analysts, admittance to research conferences and other resources provided by the brokers that may aid in SAM's research efforts. SAM will never charge a premium or commission on transactions, beyond the actual cost imposed by the broker-dealer/custodian.

Currently recommends using schwab and td ameritrade

Soft dollar arrangements

At SAM we do not participate in any soft dollar arrangements. "Soft dollars" are dollars received in exchange for delivering business to another broker/dealer or other third party.

SAM does receive access to research and trading systems from our custodians, in addition to trade execution. To the best of our knowledge, our access to these does not cause our clients to pay higher costs for trade execution. The research and trade system access that we receive is the same as provided to other advisors doing business with the custodians.

Directed Brokerage

We do not permit clients to direct us to execute trades through a specified broker/dealer.

Aggregation of Client Trades

In an effort to both obtain best execution and deliver the best possible service to you, we will aggregate client trades when appropriate. Aggregating trades will not affect the transaction charges, and we will average price our aggregated trades.

Item 13: Review of Accounts

SAM reviews client accounts no less frequently than quarterly. Steven Setchfield conducts account reviews. Accounts are reviewed for ongoing suitability, asset allocation, and performance. When we are notified of changes in client circumstances, we will also review the relevant client accounts to ensure ongoing appropriateness of investments and strategies.

More frequent reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

At SAM, we may also provide you with reports created by Albridge Wealth Reporting Solutions ("Albridge"). Albridge is a reporting vendor that we have contracted with to enable us to create reports for your accounts. Our custodians will provide account statements on a monthly or quarterly basis. We strongly urge each client to review custodian statements, and to contact us immediately with any questions.

Item 14: Client Referrals and Other Compensation

SAM does not pay anyone for referrals to us, and is not paid by anyone to refer clients to them.

Item 15: Custody

SAM does not hold your accounts, securities or any other assets. Your accounts are held by a qualified custodian who will send you account statements no less than quarterly. Clients are urged to carefully review custodian statements.

For clients who pay fees by direct deduction from their investment account(s), we are deemed to have "constructive custody." In order for us to collect fees by direct deduction, we must: 1) have the client's written authorization to do so, 2) send the client an itemized notice or invoice showing fee amount, the time period, amount of assets, and calculation for the fee, and 3) the client will receive custodian statements at least quarterly that show the fee deduction for comparison.

Item 16: Investment Discretion

Depending on which advisory product you choose, you will grant us one of two levels of trading authorization:

- Limited trading authority
- No trading authority

Limited Trading Authority

If you select limited trading authority, SAM will rebalance your account based on our discretion and in line with your level of suitability. Usually this will apply to mutual funds and our quarterly rebalancing.

No Trading Authority

SAM will notify you of any transactions prior to the transactions.

Item 17: Voting Client Securities

We do not accept authority to vote client proxies. However, we may aid you in filling out the proxies.

Item 18: Financial Information

We do not require the prepayment of fees.

SAM financial Condition

There are no financial conditions that would impair our ability to meet our contractual commitments to you. Should any arise, we will notify you according to SEC guidelines.

Voluntary Arbitration

Voluntary agreement to arbitrate does not constitute a waiver of the investor's right under the Investment Advisors Act of 1940, the Colorado Securities Act, or similar statutes or rules.

**Setchfield Asset Management
Part 2B of Form ADV
The Brochure Supplement**

Steven T. Setchfield

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www.setchfieldassetmanagement.com

Updated: March 5, 2019

This brochure supplement provides information about Steve Setchfield. It supplements Setchfield Asset Management accompanying Form ADV brochure. Please contact Setchfield Asset Management at 303-627-1099 if you have any questions about the Form ADV brochure or this supplement, or if you would like to request additional or updated copies of either document. Steven Setchfield is CRD #2270971.

Steve Setchfield's Biographical Information
President and Investment Adviser Representative
Year of Birth: 1970

Formal Educational after High School

Metropolitan State, Finance Major, 1992

Business Background

8/1996 to Present
President, Setchfield Asset Management

8/1994 to 8/1996
Investment Advisor, Kemper Securities

8/1992 to 8/1994
Investment Advisor, RAF Financial

6/1989 to 8/1992
Investment Advisor Assistant, Shearson Lehman Brothers

Disciplinary Information

Mr. Setchfield has not been involved in any legal or disciplinary events that would be material to a client's evaluation of Mr. Setchfield or Setchfield Asset Management.

Other Business & Personal Activities

Steven Setchfield is licensed to sell insurance and may receive commission compensation from insurance products that he recommends to clients. This is a conflict of interest. This conflict is mitigated by the following:

- SAM will always act in clients' best interest, as required by our fiduciary duty;
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Steve is a Colorado native and enjoys skiing and other outdoor activities. Over the past several years he has been a volunteer Big Brother for Big Brothers/Big Sisters of Colorado and an assistant wrestling coach in the Cherry Creek School System. In 2003, Steve was a living kidney donor to his uncle who was suffering from Polycystic Kidney Disease (PKD).

Additional Compensation

Other than advisory fees and insurance commissions (see above), Mr. Setchfield receives no additional compensation from any other business activities.

Supervision

Mr. Setchfield is the sole advisory representative and Chief Compliance Officer for SAM. As such, he is self-supervised, and will follow all legal and regulatory requirements.