

## Disclosure Document

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This brochure provides information about the qualifications and business practices of Bersot Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at the telephone number and/or e-mail address above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or any state securities authority. Our e-mail for regulatory compliance is [team@bersotcm.com](mailto:team@bersotcm.com).

Bersot Capital Management, LLC is a registered investment advisor. Registration of an investment advisor does not imply any level of skill or training. The verbal and written communications of an investment adviser provide you with information you need to determine whether to hire or retain the advisor.

Additional information about Bersot Capital Management, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The Firm's CRD number is 139090.

Our previous annual update was dated February 6, 2020. Following is a summary of the material changes made to Part 2 since that amendment.

Throughout Document: Removed disclosures related to consulting services.

Item 4: As of December 31, 2020, we manage assets of \$152.0 million on a discretionary basis.

Item 8: Added disclosure regarding the risks associated with the types of investments done by BCM.

Item 12: Removed references to commissions charged by Fidelity.

Added disclosure: Fidelity charges a flat dollar amount as a "trade away" fee for each fixed income trade that we have executed by a different broker/dealer.

# ITEM 3

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## ITEM 4: ADVISORY BUSINESS

### Who we are

Bersot Capital Management, LLC (referred to as “we,” “our,” “us,” or “BCM”), has been registered as an investment advisor since March 2006. Our principal officer is Mary Bersot, CEO/Chief Investment Officer.

### Services we offer

BCM provides investment management services to individuals, their families and their retirement funds. Each account is individually managed in accordance with the account circumstances and client objectives. Portfolios consist of cash and cash equivalents, common stocks and fixed income assets. We invest client portfolios in ETFs and mutual funds when appropriate.

Each client's individual circumstances, risk tolerance and income needs are considered. We meet with clients regularly, as appropriate, to confirm their objectives and review the investments. Asset allocation is different for each client depending on the time horizon, income needs and risk attitudes. Client views are considered and asset allocation is different depending on their needs and risk tolerance. Some clients own tax free bonds while others own taxable issues (in retirement accounts especially).

We consider client views and advise them of the impact it could have on their investment results.

We do not provide portfolio management services to a wrap fee program.

### Assets under management

As of December 31, 2020, we manage assets of \$152.0 million on a discretionary basis. We have no non-discretionary assets under management.

## ITEM 5: FEES AND COMPENSATION

### Advisory Fees & Billing Practices

Fees for investment management services are calculated as a percentage of assets under management. These fees are billed quarterly in arrears, based on the assets under management as of the last day of the calendar quarter. The maximum fees are based on the following schedule and client assets are combined for a total relationship fee:

<u>Assets Value</u>	<u>Annual Fee</u>
On the first \$1 million	1.00%
On the next \$4,000,000	0.75%
Amounts over \$5,000,000	0.50%

Lower fees may be negotiated if low cost holdings prevent sale, assets are held at client request, or there are other restrictions which reduce the ability to manage assets using full discretion.

Clients may provide authorization for us to deduct our fees directly from investment accounts. Following is important information about the deduction of management fees:

- Clients must provide authorization for us to deduct fees by initialing the appropriate section of our contract.

- Clients will receive a statement from the account(s) custodian which shows your holdings and transactions, including the deduction of our fee.
- Clients are responsible for reviewing the accuracy of the fees being billed, as the custodian will not do so.

Clients may also elect to pay by check rather than having payment deducted directly from the investment account.

The advisory relationship may be terminated by providing 30 days written notice. We will prorate the advisory fees received through the termination date and send you an invoice for the advisory fees due.

## **Other Costs Involved**

In addition to our advisory fee shown above, clients are responsible for paying fees associated with investing for your account. These fees include:

- management fees for ETFs and mutual funds. These are fees charged by the managers of the ETF or mutual fund and are a portion of the expenses of the ETF or mutual fund.
- brokerage costs and transaction fees for any securities or fixed income trades. These are generally charged by your custodian and/or executing broker.

Additional information about brokerage costs and services is provided in “Item 12: Brokerage Practices.”

We believe the fees mentioned above are competitive; however similar services may be obtained from other sources at a lower price.

## **ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

We do not receive performance fees for managing accounts.

## **ITEM 7: TYPES OF CLIENTS**

Our clients are generally individuals, trusts, retirement plans (IRAs) and brokerage accounts. Generally we require that clients maintain \$1,500,000 under management with us. However, we may waive that minimum at our sole discretion.

## **ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

We use fundamental analysis when considering equity investments and consider relative expected returns on asset classes when selecting the appropriate asset mix for the client. The type, maturity and quality of bonds are determined by the clients' time horizon, income needs and ability to tolerate interest rate and quality risk.

Our primary investment strategy is fundamental. Our focus is on quality both for the stock and fixed income portfolios. We do not rely on agency ratings for municipal bonds and do independent review of an issue. The emphasis on quality (balance sheet and income statement) reduces risk in the long run.

Short term market volatility will cause a stock to move significantly and moves in interest rates will impact bond prices. We are investors, not traders and our turnover is very low. We select quality core holdings and trim around them. We avoid frequent trading.

We invest for our clients in a broad range of quality securities which reduces overall risk. Risks associated with an asset class are reduced through diversification and we manage specific company risk for stocks by investing in a broad range of high quality, large, multi-national companies.

Long-term trading is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to different types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

Equity investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry developments, market conditions and general economic environments, carrying with it the risk of capital loss.

Fixed income investments generally pay a return on a fixed schedule, though the amount of the payments can vary. Fixed income investments include corporate, tax exempt and government debt securities, and investment grade debt. In general, the fixed income market is volatile, and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities may also carry inflation risk, liquidity risk, and call risk.

All investments involve different degrees of risk. Clients should be aware of their risk tolerance level and financial situations at all times. We cannot guarantee the successful performance of an investment and we are expressly prohibited from guaranteeing accounts against losses arising from market conditions.

## ITEM 9: DISCIPLINARY INFORMATION

Registered investment advisors are required to disclose any material facts regarding any legal or disciplinary actions that would be material to your evaluation of the investment advisor and each investment advisor representative providing investment advice to you. We have no information of this type to report.

## ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

As a registered investment advisor, we are required to disclose when we, or any of our principals, have any other financial industry affiliations. Neither we nor any of our principals have outside financial industry affiliations.

## ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

### Code of Ethics

We have adopted a set of enforceable guidelines (Code of Ethics), which describes unacceptable conduct by BCM and our associated persons. Summarized, this Code of Ethics prohibits us from:

- placing our interests before clients,
- using non public information gathered when providing services to clients for our own gains, or
- engaging in any act, practice or course of business that is, or might be considered, fraudulent, deceptive, manipulative, or in violation of any applicable law, rule or regulation of a governmental agency.

Please contact us if you would like to receive a full copy of this Code of Ethics.

## **Personal Trading for Associated Persons**

We may buy or sell some of same securities for clients that we already hold in our personal account. We may also buy for our personal account some of the same securities that clients already hold in their account. It is our policy not to permit our associated persons (or their immediate relatives) to trade in a way that takes advantage of price movements caused by client's transactions.

We may restrict trading for a particular security for our personal accounts or those of our associated person if there is a pending trade in that security in a client account. Trades for our accounts (and those of our associated persons) will be placed as part of a block trade with client trades, or individually after client trades have been completed. Additional information about block trades is provided in the Aggregation of Orders section of "Item 12: Brokerage Practices." When our trades are placed after our client trades, we may receive a better or worse price than that received by the client.

All persons associated with us are required to report all personal securities transactions to us quarterly.

## **ITEM 12: BROKERAGE PRACTICES**

### **Selection of Brokers**

In selecting brokers to execute portfolio transactions, we make a good faith judgment as to which broker would be appropriate. We take into consideration not only the available prices and rates of brokerage commissions, but also other relevant factors that may include (without limitation):

- the execution capabilities of the broker/dealer,
- research (including economic forecasts, investment strategy advice, fundamental and technical advice on individual securities, valuation advice and market analysis),
- custodial and other services provided by the broker/dealer that are expected to enhance our general portfolio management capabilities,
- the size of the transaction,
- the difficulty of execution,
- the operational facilities of the broker-dealers involved,
- the risk in positioning a block of securities, and
- the quality of the overall brokerage and research services provided by the broker/dealer.

When we select the broker/dealer for a transaction, we may cause clients to pay a higher commission for effecting a transaction than another broker/dealer would have charged for effecting that transaction. We do this if we determine in good faith that the amount of the commission is reasonable in relation to the

value of the brokerage and research services provided by the broker/dealer. The determination is viewed in terms of either the particular transaction or our overall responsibilities to clients.

BCM has an arrangement with National Financial Services LLC and Fidelity Brokerage Services LLC (collectively, and together with all affiliates, "Fidelity") through which Fidelity provides BCM with "institutional platform services." The institutional platform services include, among others, brokerage, custody, and other related services. BCM requires that all clients use Fidelity as custodian. Not all advisors require their clients to use a particular broker/dealer or other custodian selected by the advisor.

Fidelity generally does not charge its advisor clients separately for custody services but is compensated by account holders through trades that are executed through Fidelity or that settle into Fidelity accounts (i.e., transactions fees are charged for certain no-load mutual funds). Fidelity provides access to many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Fidelity charges a flat dollar amount as a "trade away" fee for each fixed income trade that we have executed by a different broker/dealer.

### **Aggregation of Orders**

There are occasions on which portfolio transactions will be executed as part of concurrent authorizations to purchase or sell the same security for another client or one or more of our associated persons.

We may choose to block (aggregate) trades for your account with those of other client accounts and personal accounts of persons associated with BCM. When we place a block trade, all participants included in the block receive the same price per share on the trade. The price is calculated by averaging the price of all of the shares traded. Due to the averaging of price over all of the participating accounts, aggregated trades could be either advantageous or disadvantageous. Transaction costs are not averaged. Clients will pay the same transaction costs whether a trade is placed as part of a block or on an individual basis. The objective of the aggregated orders will be to allocate the executions in a manner that is deemed equitable to the accounts involved.

### **Soft Dollars**

The receipt of goods and/or services from the required custodian in connection with providing advice to clients is seen by the regulators as "soft dollars." The additional services we receive from Fidelity, as disclosed in Item 14 below, would fall under this description of soft dollars.

## **ITEM 13: REVIEW OF ACCOUNTS**

Reviews of investments including holdings and asset mix are performed by Mary Bersot, CFA, CEO, at least monthly. More frequent reviews are done when changes in individual investments and asset allocations are necessary due to cash flow needs.

Clients periodically receive written reports including: asset allocation report, holdings report, performance report, transactions and market commentary that changes depending on economic environment. These reports may be presented in person or by electronic or regular mail. Client may request a current update at any time.



## ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

Fidelity's institutional platform services that assist BCM in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide pricing and other market data; (iv) facilitate payment of fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Fidelity also offers other services that could help BCM manage and further develop its advisory practice. Such services include, but are not limited to: financial planning, third party research, publications, access to educational conferences, roundtables and webinars, practice management resources, access to consultants and other third party service providers who provide a wide array of business related services and technology with whom BCM may contract directly. We do not currently take advantage of these services but they are available to us.

BCM is independently operated and owned and is not affiliated with Fidelity.

We do not directly or indirectly compensate anyone for client referrals.

## ITEM 15: CUSTODY

When clients give us authority to deduct our fees directly from their investment account, we are deemed to have custody of those assets related to our fees. In order to avoid additional regulatory requirements in these cases, we follow the procedures outlined in "Item 5: Fees and Compensation." Clients receive quarterly statements directly from custodian of the account that details all transactions in the account.

## ITEM 16: INVESTMENT DISCRETION

Clients are required to provide discretionary authority for us to manage their assets. Discretionary authority means that we are given a limited power of attorney by the client to place trades on their behalf. This limited power of attorney does not allow us to withdraw money from accounts, other than advisory fees if clients agree to give us that authority.

Clients grant us discretionary authority by completing the following items:

- Sign a contract that provides a limited power of attorney for us to place trades on their behalf. Any limitations to the trading authorization will be added to this agreement.
- Provide us with discretionary authority on the new account forms that are submitted to the broker/dealer acting as custodian for client account(s).

All accounts are generally discretionary. We will hold cash for a pending client need or preclude a security for client religious or other belief.

## ITEM 17: VOTING CLIENT SECURITIES

As a matter of policy and as a fiduciary to our clients, we have responsibility for voting proxies for client portfolio securities consistent with the clients' best economic interests. We maintain policies and

procedures as to the handling, research, voting and reporting of proxy voting and make appropriate disclosures about our proxy policies and practices. Our policy and practice includes the responsibility to monitor corporate actions, receive and vote client proxies and disclose any potential conflicts of interest as well as making information available to clients about the voting of proxies for their portfolio securities and maintaining relevant and required records. Clients may provide direction regarding any particular proxy solicitation.

Clients may elect to retain the authority to vote the proxies yourself. In these instances, clients will receive the proxies and other related paperwork directly from the custodian. In these cases we do not provide guidance about how to vote proxies.

Clients or interested parties may request a copy of our Proxy Policies and Procedures and/or information about how a proxy was voted at any time by contacting Mary Bersot, CFA at [mbersot@bersotcm.com](mailto:mbersot@bersotcm.com).

## ITEM 18: FINANCIAL INFORMATION

We never charge or solicit pre-payment of fees. We have never filed for bankruptcy and are not aware of any financial conditions that are reasonably likely to impair our ability to meet our contractual obligations to clients.

## **BROCHURE SUPPLEMENT**

**Mary M. Bersot**

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Prepared: January 28, 2021

This Brochure Supplement provides information about Mary M. Bersot that supplements the Bersot Capital Management, LLC Brochure. You should have received a copy of that Brochure. Please contact Mary Bersot at (415) 797-6925 or [mbersot@bersotcm.com](mailto:mbersot@bersotcm.com) if you did not receive Bersot Capital Management, LLC's Brochure or if you have any questions about the content of this supplement.

Additional information about Mary M. Bersot is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Her CRD number is 4648363.

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## **ITEM 2: EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE**

Mary M. Bersot was born in 1949. She received a BA in English from University of Oregon in 1971. Ms. Bersot completed the Executive Development Program at Northwestern University in 1985. Since 12/2005 she has been the Chief Executive Officer of Bersot Capital Management, LLC.

### **Professional Designations**

Chartered Financial Analyst (CFA) – 1982

The CFA Charterholder designation is issued by the CFA Institute. In order to receive this designation, a candidate must have either: 1) an undergraduate degree and 4 years of professional experience involving investment decision-making, or 2) 4 years qualified work experience (full time, but not necessarily investment related). Each candidate must complete a self-study program of 250 hours of study for each of the 3 levels. Once a candidate passes each of the three 6-hour exams and meets the appropriate experience requirements the CFA charterholder designation may be used. There are no continuing education requirements.

## **ITEM 3: DISCIPLINARY INFORMATION**

Registered investment advisors are required to disclose any material facts regarding any legal or disciplinary actions that would be material to your evaluation of each investment advisor representative providing investment advice to you. There is no information of this type to report.

#### ITEM 4: OTHER BUSINESS ACTIVITIES

Ms. Bersot is not involved in any other business activities.

#### ITEM 5: ADDITIONAL COMPENSATION

Ms. Bersot does not receive any economic benefit from any non-client for providing advisory services.

#### ITEM 6: SUPERVISION

Mary Bersot, our sole executive officer, is responsible for the supervision of all investment personnel. Her telephone number is (415) 797-6925.