

Cover Page - Item 1

***Padovani Asset Management, Inc.***

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**May 13, 2021**

Padovani Asset Management, Inc. is a registered investment adviser. An "investment adviser" means any person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities, or who, for compensation and as part of a regular business, issues or promulgates analyses or reports concerning securities. Registration with the SEC or any state securities authority does not imply a certain level of skill or training.

This brochure provides information about the qualifications and business practices of Padovani Asset Management, Inc. If you have any questions about the contents of this brochure, please contact us at (914) 400-1800. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Padovani Asset Management, Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The firm's CRD/IARD number is 168354.

## **Material Changes - Item 2**

The purpose of this page is to inform you of any material changes since the previous version of this brochure.

On May 13, 2021, in preparation for our firm's transition to a State of New York registration, we completed a rewrite of our entire Form ADV Part 2A Brochure. Clients should read the entire document to familiarize themselves with our firm, our services, and conflicts of interest.

If you would like to receive a complete copy of our current brochure free of charge at any time, please contact us at (914) 400-1800 or at [Paul@padovaniassetmanagement.com](mailto:Paul@padovaniassetmanagement.com).

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#### **Advisory Business - Item 4**

Padovani Asset Management, Inc. (hereinafter "PAM") is a registered investment advisor based in Somers, New York. We are a corporation organized under the laws of the State of New York. We have been providing investment advisory services since 2013. Paul Andrew Padovani is the principal owner of PAM.

You may see the term Associated Person throughout this Brochure. As used in this Brochure, this term refers to anyone from our firm who is an officer, an employee, and all individuals providing investment advice on behalf of our firm. Where required, such persons are properly registered as investment adviser representatives.

Currently, we offer the following investment advisory services, personalized for each individual Client:

- **Financial Planning Services**
- **Portfolio Management Services**

#### **Financial Planning Services**

PAM offers various financial planning related services, which assist Clients in the management of their financial resources. Financial planning services are based upon an analysis of the Client's individual needs beginning with one or more information gathering consultations. Once the firm has collected and analysed all documentation gathered during these consultations, PAM provides a written financial plan designed to achieve the Client's financial goals and objectives. PAM then assists Clients in developing a strategy for the successful management of income, assets, and liabilities. In general, financial planning services may include any one or all of the following:

- **Cash Flow Analysis** – Assessment of present financial situation by collecting information regarding net worth and cash flow statements, tax returns, insurance policies, investment portfolios, pension plans, employee benefit statements, etc. The firm advises on ways to reduce risk; and, to coordinate and organize records and estate information.
- **Retirement Analysis** – Identification of long-term financial and personal goals and objectives including advice for accumulating wealth for retirement income or appropriate distribution of assets following retirement. Tax consequences and implications are identified and evaluated.
- **Insurance Analysis** – Includes risk management associated with advisory recommendations based on a combination of insurance types to meet your needs, e.g., life, health, disability, and long-term care insurance. This will necessitate an analysis of cash needs of the Client's family at death, income needs of surviving dependents, and potential disability income needs.
- **Portfolio Analysis/Investment Planning** – Presentation of investment alternatives, including asset allocation and its effect on the Client's portfolio; evaluation of economic and tax characteristics of existing investments as well as their suitability for the Client; and, identification and evaluation of tax consequences and their implications.
- **Education Savings Analysis** – Alternatives and strategies with respect to the complete or partial funding of college or other post-secondary education.
- **Estate Analysis** – Advising Clients with respect to property ownership, distribution strategies, estate tax reduction, and tax payment techniques.

The recommendations and solutions are designed to achieve the Client's desired goals, subject to periodic evaluation of the financial plan, which may require revisions to meet changing circumstances. Financial plans are based on your financial situation based on the information provided to the firm. We should be notified promptly of any change to your financial situation, goals, objectives, or needs.

Clients can also request financial planning services that cover a specific area, such as retirement or estate planning, asset allocation analysis, manager due diligence, and 401(k) platform due diligence. Clients may choose to accept

or reject our recommendations. If you decide to proceed with our recommendations, you may do so by engaging us for investment advisory services or by using any advisory, brokerage, or insurance provider you choose.

#### **Portfolio Management Services**

PAM provides discretionary portfolio management services to our Clients. Discretionary portfolio management means we will make investment decisions and place buy or sell orders in your account without contacting you. These decisions would be made based upon your stated investment objectives. If you wish, you may limit our discretionary authority by, for example, setting a limit on the type of securities that can be purchased for your account. Simply provide us with your restrictions or guidelines in writing.

Our investment advice is tailored to meet our Clients' needs and investment objectives. If you decide to hire our firm to manage your portfolio, we will meet with you to gather your financial information, determine your goals, and help you decide how much risk you should take in your investments. The information we gather will help us implement an asset allocation strategy that will be specific to your goals, whether we are actively investing for you or simply providing you with advice.

PAM does not specialize in specific types of securities. We can advise Clients on various types of securities, such as exchange listed equities, over the counter equities, foreign issues, American depository receipts, corporate debt securities, commercial paper, certificates of deposit, municipal securities, investment company securities (including mutual funds and exchange traded funds), US Government securities, options contracts on securities and/or commodities, structured products, private placements, private equity instruments, and interests in partnership investing in real estate. Additionally, will provide advice on existing investments you may hold at the inception of the advisory relationship or on other types of investments for which you ask advice.

If you engage us for portfolio management services, we will monitor your portfolio's performance on a continuous basis, and rebalance the portfolio whenever necessary, as changes occur in market conditions and/or your financial circumstances.

Our recommendations are based on your situation from the information provided to the firm. We should be notified promptly of any change to your situation, goals, objectives, or needs.

#### **Wrap Fee Programs**

We do not sponsor, manage, or participate in any wrap fee programs.

#### **Assets Under Management**

As of March 11, 2021, PAM manages \$15,459,705 is client assets on a discretionary basis. We do not provide non-discretionary asset management services.

**Important Note: Information related to tax and legal matters that is provided as part of a financial plan is for informative purposes only. Clients are instructed to contact their tax or legal advisers for personalized advice.**

### **Fees and Compensation - Item 5**

#### **Financial Planning Services Fees**

For stand-alone financial planning services, PAM charges a negotiable fixed fee that ranges from \$1,000 to \$10,000 or an hourly fee of up to \$300/hour. Prior to engaging PAM to provide financial planning services, Clients will be required to enter into a written financial planning agreement. The financial planning agreement will set forth the terms and conditions of the engagement and will describe the scope of the services to be provided. 50% of the fee is due at the start of service with the remaining balance payable upon completion of the financial planning service. In most cases fees for financial planning services are waived when a client hires us for portfolio management

services. PAM does not require the prepayment of over \$500, six or more months in advance.

Either party may terminate the financial planning agreement by written notice to the other. Any unearned portion of any fees paid in advance will be returned to the client upon termination.

#### **Portfolio Management Services Fees**

Portfolio management fees are billed monthly, in advance, and are based on the value of your portfolio at the end of the preceding month. Terms of payment are stated in the portfolio management agreement signed by the Client and the firm. Generally, the portfolio management fee will be deducted from the Client's account held with a non-affiliated, qualified custodian. The qualified custodian will provide the Client with an account statement at least quarterly. This statement will detail all account activity, including any fees deducted from the account(s).

On an annualized basis, PAM charges the following portfolio management fees, based upon a percentage of the market value of the assets being managed:

<b>Assets Under Management</b>	<b>Annual Advisory Fee*</b>
First \$250,000	1.50%
Next \$250,000	1.375%
Next \$500,000	1.25%
Over \$1,000,000	1.00%

\*The management fee for illiquid alternative investments held at Kingdom Trust is set at a flat rate of 1.00% of assets under management.

Portfolio management fees are negotiable depending on factors such as the amount of assets under management, range of investments, and complexity of the Client's financial circumstances, among others. The exact fee to be paid by the Client will be clearly stated in the portfolio management agreement signed by the Client and the firm.

We will deduct our fee directly from the managed account(s) through the unaffiliated, qualified custodian holding the Client's funds and securities provided that the custodian agrees to send the Client a statement, at least quarterly, indicating all amounts dispersed from the account, including the amount of the advisory fee paid directly to PAM. PAM will also receive a copy of your account statements from the custodian. Please review each statement for accuracy. Please let us know immediately if you have questions about or if you did not receive a statement.

At the inception of wealth management services, the first pay period's fees will be calculated on a pro-rata basis. The wealth management agreement between the Client and PAM will continue in effect until either party terminates the wealth management agreement in accordance with the terms of the wealth management agreement. PAM's annual fee will be pro-rated through the date of termination and any pre-paid, unearned fees will be promptly refunded to the Client.

Our annual fee is exclusive of, and in addition to, brokerage commissions, transaction fees, and other related costs and expenses. You are responsible for brokerage costs incurred. However, PAM will not receive any portion of the commissions, fees, and costs. Please see Item 12 – Brokerage Practices for further information on brokerage and transaction costs. We urge clients to review this section in detail to familiarize themselves with the custodial fee billing arrangements negotiated with Charles Schwab & Co., Inc. and FOLIOfn Investments, Inc. (including securities custodied at Kingdom Trust).

#### **Additional Fees and Expenses**

Fees are negotiable based on the amount of assets under management, complexity of Client goals and objectives, and level of services rendered. As described above, the fees are charged as described and are not based on a share of capital gains of the funds of any advisory Client.

All fees paid to PAM for investment advisory services are separate and distinct from the fees and expenses charged to shareholders by mutual funds or exchange traded funds. These fees and expenses are described in each fund's prospectus. These fees generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, you may pay an initial or deferred sales charge.

A Client could invest in a mutual fund directly, without the services of PAM. In which case, the Client would not receive the services provided by PAM, which are designed, among other things, to assist the Client in determining which mutual fund or funds are most appropriate to their financial condition and objectives. Accordingly, Clients should review the fees charged by the funds and the fees charged by PAM to fully understand the total amount of fees charged and to evaluate the cost of advisory services being provided.

In addition to the payment of an advisory fee to our firm, Clients investing in alternative investments will pay a separate fee to underlying investment managers, and certain other fees and expenses of underlying investment funds in which the client invests. Investors in alternative investments may also pay carried interest, performance or incentive allocations to an underlying manager or sponsor of an underlying investment fund in which they invest, all of which contribute to the overall cost of the investment.

We do not represent, warrant, or imply that the services or methods of analysis employed by us can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines.

#### **Compensation for the Sale of Insurance Products**

Certain Executive officers and other Associated Persons of PAM are licensed as independent insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to Clients of PAM. Insurance commissions earned by these persons are separate and in addition to PAM's advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents have an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. **Clients of our firm are under no obligation, contractually or otherwise, to purchase insurance products through any person or entity affiliated with our firm.**

#### **Performance-Based Fees and Side-By-Side Management - Item 6**

Performance-based fees are based on a share of capital gains on or capital appreciation of the Client's assets. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. We do not accept performance-based fees or participate in side-by-side management. Our fees are calculated as described in the *Fees and Compensation* section above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account(s).

#### **Types of Clients - Item 7**

We generally offer investment advisory services to individuals, pension and profit sharing plans and participants, trusts, estates, charitable organizations, corporations, investment advisers and other business entities.

PAM generally requires a minimum account size of \$25,000 for advisory accounts. However, from time-to-time, in

its sole discretion, PAM may accept smaller accounts based on various criteria, such as anticipated future assets, related accounts, and other factors.

#### **Methods of Analysis, Investment Strategies and Risk of Loss - Item 8**

We may use one or more of the following methods of analysis and/or investment strategies when providing investment advice to you:

- *Fundamental Analysis* – involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company's industry. The resulting data is used to measure the true value of the company's stock compared to the current market value. The primary risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.
- *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. Technical trading models are mathematically driven based upon historical data and trends of domestic and foreign market trading activity, including various industry and sector trading statistics within such markets. Technical trading models, through mathematical algorithms, attempt to identify when markets are likely to increase or decrease and identify appropriate entry and exit points. The primary risk of technical trading models is that historical trends and past performance cannot predict future trends, and there is no assurance that the mathematical algorithms employed are designed properly, updated with new data, and can accurately predict future market, industry, and sector performance.
- *Cyclical Analysis* – Cyclical analysis is similar to technical analysis in that it involves the analysis of market conditions at a macro (entire market/economy) or micro (company specific) level, rather than the overall fundamental analysis of the health of the particular company. The primary risks with cyclical analysis are similar to those of technical analysis.
- *Charting Analysis* – Charting analysis involves the gathering and processing of price and volume pattern information for a particular security, sector, broad index, or commodity. This price and volume pattern information is analyzed. The resulting pattern and correlation data is used to detect departures from expected performance and diversification and predict future price movements and trends. The primary risk of charting analysis is that it may not accurately detect anomalies or predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

We may use one or more of the following investment strategies when advising you on investments:

- *Long Term Purchases* – securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year. Using a long-term purchase strategy generally assumes the financial markets will go up in the long-term which may not be the case. There is also the risk that the segment of the market that you are invested in or perhaps just your particular investment will go down over time even if the overall financial markets advance. Purchasing investments long-term may create an opportunity cost - "locking-up" assets that may be better utilized in



the short-term in other investments.

- *Short Term Purchases* – securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations. Using a short-term purchase strategy generally assumes that we can predict how financial markets will perform in the short-term which may be very difficult and will incur a disproportionately higher amount of transaction costs compared to long-term trading. There are many factors that can affect financial market performance in the short-term (such as short-term interest rate changes, cyclical earnings announcements, etc.) but may have a smaller impact over longer periods of times.
- *Option Writing* – an option is the right either to buy or sell a specified amount or value of a particular underlying investment instrument at a fixed price (i.e. the “exercise price”) by exercising the option before its specified expiration date. Options giving you the right to buy are called “call” options. Options giving you the right to sell are called “put” options. When trading options on behalf of a Client, we generally use covered options. Covered options involve options trading when you own the underlying instrument on which the option is based. Investments in options contracts have the risk of losing value in a relatively short period of time. Option contracts are leveraged instruments that allow the holder of a single contract to control many shares of an underlying stock. This leverage can compound gains or losses.
- *Trading* – securities are sold within 30 days. The principal type of risk associated with trading is market risk. There can be no assurance that a specific investment will achieve its investment objectives and past performance should not be seen as a guide to future returns. The value of investments and the income derived may fall as well as rise and investors may not recoup the original amount invested. Other factors, such as changes in exchange control regulation, tax laws, withholding taxes, international, political and economic developments, and government, economic or monetary policies, may affect investments as well. Additionally, trading is speculative. Market movements are difficult to predict and are influenced by, among other things, government trade, fiscal, monetary and exchange control programs and policies; changing supply and demand relationships; national and international political and economic events; changes in interest rates; and the inherent volatility of the marketplace. In addition, governments from time to time intervene, directly and by regulation, in certain markets, often with the intent to influence prices directly. The effects of governmental intervention may be particularly significant at certain times in the financial instrument markets and such intervention (as well as other factors) may cause these markets to move rapidly.
- *Margin Transactions* – margin strategies allow an investor to purchase securities on credit and to borrow on securities already in their custodial account. Interest is charged on any borrowed funds for the period that the loan is outstanding. When you purchase securities, you may pay for the securities in full or you may borrow part of the purchase price from your broker-dealer. If you intend to borrow funds in connection with your account, you will be required to open a margin account, which will be carried by the broker-dealer of your account. The securities purchased in such an account are the broker-dealer's collateral for its loan to you. If the securities in a margin account decline in value, the value of the collateral supporting this loan also declines, and, as a result, a brokerage firm is required to take action, such as issue a margin call and/or sell securities or other assets in your accounts, in order to maintain necessary level of equity in the account. It is important that you fully understand the risks involved in trading securities on margin, which are applicable to any margin account that you may maintain, including any margin Account that may be established as a part of our advisory services and held by your broker-dealer. These risks include the following:
  1. You can lose more funds than you deposit in your margin account.
  2. The broker-dealer can force the sale of securities or other assets in your account.
  3. The broker-dealer can sell your securities or other assets without contacting you.
  4. You may not be able to choose which securities or other assets in your margin account are liquidated or sold to meet a margin call.

5. The broker-dealer may move securities held in your cash account to your margin account and pledge the transferred securities.
6. You may not be entitled to an extension of time on a margin call.

**Investing in securities involves risk of loss that Clients should be prepared to bear.**

The investment advice provided along with the strategies suggested by PAM will vary depending on each Client's specific financial situation and goals. This brief statement does not disclose all of the risks and other significant aspects of investing in financial markets. In light of the risks, you should fully understand the nature of the contractual relationship(s) into which you are entering and the extent of your exposure to risk. Certain investing strategies may not be suitable for many members of the public. You should carefully consider whether the strategies employed would be appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances.

**Recommendation of Particular Types of Securities:** As disclosed under the "Advisory Business" section in this Brochure, we provide advice on various types of securities and we do not necessarily recommend one particular type of security over another since each Client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it.

**General Investment Risk:** All investments come with the risk of losing money. Investing involves substantial risks, including complete possible loss of principal plus other losses and may not be suitable for many members of the public. Investments, unlike savings and checking accounts at a bank, are not insured by the government to protect against market losses. Different market instruments carry different types and degrees of risk and you should familiarize yourself with the risks involved in the particular market instruments in which you intend to invest.

**Loss of Value:** There can be no assurance that a specific investment will achieve its investment objectives and past performance should not be seen as a guide to future returns. The value of investments and the income derived may fall as well as rise and investors may not recoup the original amount invested. Investments may also be affected by any changes in exchange control regulation, tax laws, withholding taxes, international, political and economic developments, and governmental economic or monetary policies.

**Interest Rate Risk:** Fixed income securities and funds that invest in bonds and other fixed income securities may fall in value if interest rates change. Generally, the prices of debt securities rise when interest rates fall, and their prices fall when interest rates rise. Longer-term debt securities are usually more sensitive to interest rate changes.

**Credit Risk:** Investments in bonds and other fixed income securities are subject to the risk that the issuer(s) may not make required interest payments. An issuer suffering an adverse change in its financial condition could lower the credit quality of a security, leading to greater price volatility of the security. A lowering of the credit rating of a security may also offset the security's liquidity, making it more difficult to sell. Funds investing in lower quality debt securities are more susceptible to these problems and their value may be more volatile.

**Foreign Exchange Risk:** Foreign investments may be affected favorably or unfavorably by exchange control regulations or changes in the exchange rates. Changes in currency exchange rates may influence the share value, the dividends or interest earned and the gains and losses realized. Exchange rates between currencies are determined by supply and demand in the currency exchange markets, the international balance of payments, governmental intervention, speculation, and other economic and political conditions. If the currency in which a security is denominated appreciates against the US Dollar, the value of the security will increase. Conversely, a decline in the exchange rate of the currency would adversely affect the value of the security.

**Risks Associated with Investing in Equities:** Investments in equities generally refers to buying shares of stocks by an individual or firms in return for receiving a future payment of dividends and capital gains if the value of the stock increases. There is an innate risk involved when purchasing a stock that it may decrease in value and the investment may incur a loss.

**Risks Associated with Investing in Mutual Funds:** Mutual funds are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities, or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. The returns on mutual funds can be reduced by the costs to manage the funds. In addition, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, other types of mutual funds do charge such fees which can also reduce returns.

**Risks Associated with Investing in Exchange Traded Funds (ETF):** Investing in stocks & ETF's carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Investments in these securities are not guaranteed or insured by the FDIC or any other government agency.

**Risks Associated with Investing in Private Funds:** Private investment funds are not registered with the Securities and Exchange Commission and may not be registered with any other regulatory authority. Accordingly, they are not subject to certain regulatory restrictions and oversight to which other issuers are subject. There may be little public information available about their investments and performance. Moreover, as sales of shares of private investment companies are generally restricted to certain qualified purchasers, it could be difficult for a Client to sell its shares of a private investment company at an advantageous price and time. Since shares of private investment companies are not publicly traded, from time to time it may be difficult to establish a fair value for the Client's investment in these companies.

**Risks Associated with Investing in Options:** Transactions in options carry a high degree of risk. A relatively small market movement will have a proportionately larger impact, which may work for or against the investor. The placing of certain orders, which are intended to limit losses to certain amounts, may not be effective because market conditions may make it impossible to execute such orders. Selling ("writing" or "granting") an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obliged either to settle the option in cash or to acquire or deliver the underlying investment. If the option is "covered" by the seller holding a corresponding position in the underlying investment or a future on another option, the risk may be reduced.

**Risks Associated with Investing in Alternative Investments:** We may recommend to qualified clients the use of alternative investments such as investments in real estate, private equity, or hedge funds. We may also recommend a direct investment into a private company. Investments in such "alternative assets" are generally illiquid, which will impair the ability of the client to exit such investments in times of adversity. Alternative investments may utilize highly speculative investment techniques, including leverage, highly concentrated portfolios, senior and/or subordinated securities positions, control positions and illiquid investments. In addition, they may utilize derivative instruments to attempt to hedge the risks associated with certain of their investments. Transactions in such derivative instruments may expose the assets of investment funds to the risks of material financial loss, which may in turn adversely affect the financial results of the client.

**Risks Associated with Investing in Structured Products:** Certain structured products enable the investor to acquire interests in a pool of securities without the brokerage and other expenses associated with individually holding the same securities, investors in structured products generally pay their share of the structured product's

administrative and other expenses. Although it is difficult to predict whether the prices of assets underlying structured products will rise or fall, these prices (and, therefore, the prices of structured products) will be influenced by the same types of political and economic events that affect issuers of securities and capital markets generally. If the issuer of a structured product uses shorter-term financing to purchase longer-term securities, the issuer may be forced to sell its securities at below-market prices if it experiences difficulty in obtaining short-term financing, which may adversely affect the value of the structured products. Certain structured products may be thinly traded or have a limited trading market.

#### **Disciplinary Information - Item 9**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of us or of the integrity of our management. PAM does not have a history of material legal or disciplinary events.

On May 18, 2015, without admitting or denying the findings, Mr. Padovani signed an Acceptance, Waiver & Consent agreement with FINRA agreeing to have his registration suspended for a period of 4 months (May to September 2015). This sanction was the result of Mr. Padovani borrowing money from one of his clients. Mr. Padovani repaid the loan received in August of 2012 in December of 2012 and no investor was harmed. FINRA's findings stated that Mr. Padovani failed to request and obtain a written approval of his employer prior to engaging in this lending arrangement.

#### **Other Financial Industry Activities or Affiliations - Item 10**

MGPC Agency, Inc. is a licensed insurance agency affiliated with PAM through common control and ownership. MGPC Agency, Inc. sells various insurance products for commission-based compensation. Paul Padovani, the principal owner of PAM is also an insurance agent and can effect transactions in insurance products for commission-based compensation. Clients should be aware that a conflict of interest is inherent in such an arrangement. Clients are instructed that the fees paid to the firm for advisory services are separate and distinct from the commissions earned by its Associated Persons for placing the Client in insurance products. Clients of PAM are not required to purchase insurance products from the firm or the firm's Associated Persons and can purchase insurance products from any insurance agency and agent they choose.

#### **Code of Ethics, Participation or Interest in Client Transactions and Personal Trading - Item 11**

##### **Description of Our Code of Ethics**

PAM has adopted a Code of Ethics (the "Code") to address investment advisory conduct. The Code focuses primarily on fiduciary duty, personal securities transactions, insider trading, gifts, and conflicts of interest. The Code includes PAM's policies and procedures developed to protect Client's interests in relation to the following topics:

- The duty at all times to place the interests of Clients first;
- The requirement that all personal securities transactions be conducted in such a manner as to be consistent with the Code;
- The responsibility to avoid any actual or potential conflict of interest or misuse of an employee's position of trust and responsibility;
- The fiduciary principle that information concerning the identity of security holdings and financial

circumstances of Clients is confidential; and

- The principle that independence in the investment decision-making process is paramount.

A copy of PAM's Code of Ethics is available upon request to our firm at (914) 400-1800 or at [Paul@padovaniassetmanagement.com](mailto:Paul@padovaniassetmanagement.com).

#### **Personal Trading Practices**

At times, PAM and/or its related persons may take positions in the same securities as Clients, which may pose a conflict of interest with Clients. In an effort to uphold our fiduciary duties to Clients, PAM and its related persons will generally be "last in" and "last out" for the trading day when trading occurs in close proximity to Client trades. Front running (trading shortly ahead of Clients) is prohibited. Should a conflict occur because of materiality (e.g., a thinly traded stock), disclosure will be made to the Client(s) at the time of trading. Incidental trading not deemed to be a conflict (e.g., a purchase or sale which is minimal in relation to the total outstanding value, and as such would have negligible effect on the market price) would not be deemed a material conflict requiring disclosure at the time of trading.

### **Brokerage Practices - Item 12**

#### **Charles Schwab & Co., Inc.**

PAM has an institutional custodial relationship with Charles Schwab & Co., Inc. (Schwab), a FINRA-registered broker-dealer, member SIPC. Schwab Advisor Services (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firms like us. We are independently owned and operated and not affiliated with Schwab. Schwab will hold your assets in a brokerage account and will buy and sell securities in your account(s) upon our instructions. While we recommend that you use Schwab as custodian/broker, you will decide whether to do so and you will open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you.

Schwab generally does not charge you separately for custody services, but is compensated by charging commissions or other fees on trades that it executes or that settle into your Schwab account. In addition to commissions, Schwab charges 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 your Schwab account. Clients who have opened a Wrap Program account do not pay any separate fees to Schwab because PAM's fee is inclusive of all fees paid to Schwab.

#### **Research and Other Soft Dollar Benefits Received from Schwab**

Although not considered "soft dollar" compensation, PAM may receive some economic benefits from Schwab Advisor Services in the form of 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 are generally available on an unsolicited basis (we don't have to request them) and at no charge to us. Below is a detailed description of Schwab's support services:

*Services that Benefit You:* 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 you and your account.

*Services that May Not Directly Benefit You:* Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your 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 some 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; and
- 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;
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- 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.

PAM understands its duty for best execution and considers all factors in making recommendations to Clients. These research services may be useful in servicing all PAM Clients, and may not be used in connection with any particular account that may have paid compensation to the firm providing such services. While PAM may not always obtain the lowest commission rate, PAM believes the rate is reasonable in relation to the value of the brokerage and research services provided.

#### **FOLIOfn Investments, Inc.**

PAM also has an institutional custodial relationship with FOLIOfn Investments, Inc., (FOLIOfn) an independent, qualified broker-dealer and a member of FINRA/SIPC. FOLIOfn offers independent investment advisers services that include custody of client securities, trade execution, clearance and settlement of transactions, and daily research and investment information. FOLIOfn will hold your assets in a brokerage account and will buy and sell securities upon our request.

FOLIOfn charges an all-inclusive asset based custodial/brokerage fee that covers the custody of the account and transaction in client accounts. The asset based fee is based on the following fee schedule:

<b>Total Assets Under Management</b>	<b>Annual Custodial/Brokerage Fee</b>
\$0.00 to \$499,999	0.25%
\$500,00 to \$999,999	0.20%
\$1 million to \$1,999,999	0.10%
\$2 million to Unlimited	0.06%

FOLIOfn charges clients directly for the brokerage fees on a monthly basis, in advance, based upon the market value of the account at end of each month. FOLIOfn's custodial agreement with PAM stipulates this arrangement. However, due to FOLIOfn's billing process, on the monthly custodial statement, clients may notice that PAM first receives these fees as part of its overall advisory fees and then remits a portion of the advisory fee to FOLIOfn in order to pay for the brokerage services provided.

In addition, FOLIOfn has a relationship with Kingdom Trust, an independent qualified custodian. PAM is able to custody alternative assets such as Promissory Notes at Kingdom Trust. The account statements provided by FOLIOfn reflect the positions maintained at Kingdom trust as well. The advisory fees charged to accounts held at Kingdom Trust will be listed on the FOLIOfn statement under a separate line item called "assets held away advisory fee." Kingdom Trust charges each account a separate annual custodial fee of up to \$225.

**Research and Other Soft Dollar Benefits Received from FOLIOfn**

PAM recommends FOLIOfn based on the integrity and financial responsibility of the firm, best execution of orders at reasonable commission rates, and quality of client service. PAM does not receive fees or commissions from any custodian or broker-dealer, although PAM may receive additional benefits from FOLIOfn such as electronic delivery of client information, electronic trading platforms, institutional trading support, proprietary and/or third party research, continuing education, practice management advice, and other services provided by custodians for the benefit of investment advisory clients.

PAM understands its duty for best execution of client trade orders and considers all factors in recommending FOLIOfn to clients. These research services may be useful in servicing all PAM clients, and may not be used in connection with any particular account or client. While PAM may not always obtain the lowest commission rate, PAM believes the rate is reasonable in relation to the value of the brokerage and research services provided.

**Brokerage for Client Referrals**

We do not receive Client referrals from broker-dealers and custodians with which we have an institutional advisory arrangement. Also, we do not receive other benefits from a broker-dealer in exchange for Client referrals.

**Directed Brokerage**

The Client may direct brokerage to a specified broker-dealer other than the firm recommended by PAM. In the event that a Client directs PAM to use a particular broker-dealer, the firm may not be authorized under these circumstances to negotiate commissions and may not be able to obtain volume discounts or best execution. In addition, under these circumstances a disparity in commission charges may exist between the commissions charged to Clients who direct the firm to use a particular broker-dealer and those who do not.

**Trade Aggregation/Block Trading**

PAM may aggregate transactions in equity and fixed income securities for a Client with other Clients to improve the quality and cost of execution. Transactions will be aggregated only for accounts held at the same broker dealer/custodian, using such broker dealer's trading platform. When transactions are aggregated, the actual prices applicable to the aggregated transactions will be averaged, and the Client account will be deemed to have purchased or sold its proportionate share of the securities involved at the average price obtained. PAM may determine not to aggregate transactions, for example, based on the size of the trades, the number of Client accounts, the timing of the trades, and the liquidity of the securities. If the firm does not aggregate orders, some Clients purchasing securities around the same time may receive a less favorable price than other Clients. This means that this practice of not aggregating may cost Clients more money. PAM and/or its Associated Persons may participate in block trades with Clients; however, PAM and/or its Associated Persons will not participate on a pro rata basis for partial fills.

**Review of Accounts - Item 13**

**Portfolio Management Account Reviews**

PAM monitors Client account holdings on a continuous basis and conducts formal account reviews at least annually. Accounts are reviewed by the Associated Person assigned to the account. Reviews may be conducted in person or over the phone.



Additional reviews may be offered in certain circumstances. Triggering factors that may stimulate additional reviews include, but are not limited to, changes in economic conditions, changes in the Client's financial situation or investment objectives, or upon Client request.

A financial plan is a snapshot in time and no ongoing reviews are conducted, unless you have engaged us for periodic updates. We recommend a plan review at least annually.

Clients will receive statements directly from their account custodian(s) at least quarterly. PAM may also provide performance reports as requested by the Client.

#### Client Referrals and Other Compensation - Item 14

PAM has brokerage and clearing arrangements with Schwab and FOLIOfn and the firm may receive additional benefits from them in the form of electronic delivery of Client information, electronic trading platforms, institutional trading support, proprietary and/or third party research, continuing education, practice management advice, and other services provided by custodians for the benefit of investment advisory Clients.

PAM does not currently have any Client referral or compensation agreements with outside parties for domestic accounts as defined by Rule 206(4)-3 of the Investment Advisers Act of 1940 or similar state statute.

#### Custody - Item 15

Where we directly debit your account(s) for the payment of our advisory fees, PAM is deemed to exercise custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian. You will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. The custodian holding Client assets will not verify the calculation of the advisory fees. You should carefully review account statements for accuracy. If you have questions regarding your account or if you did not receive a statement from your custodian, please contact our firm at (914) 400-1800 or at [Paul@padovaniassetmanagement.com](mailto:Paul@padovaniassetmanagement.com).

#### Investment Discretion - Item 16

PAM offers Portfolio Management Services on a discretionary basis only. Clients must grant discretionary authority in the management agreement. Discretionary authority extends to the types and amounts of securities to be bought and sold in Client accounts. Apart from the ability to withdraw management fees, PAM does not have the ability to withdraw funds or securities from the Client's account. The Client provides PAM discretionary authority via a limited power of attorney in the management agreement and in the contract between the Client and the custodian.

If you wish, you may limit our discretionary authority, for example, by setting a limit on the type of securities that can be purchased for your account. Simply provide us with your restrictions or guidelines in writing. Please refer to the "Advisory Business" section in this Brochure for more information on our discretionary management services.



#### Voting Client Securities - Item 17

PAM does not vote proxies. It is the Client's responsibility to vote proxies. Clients will receive proxy materials directly from the custodian. Questions about proxies may be made via the contact information on the cover page.

#### Financial Information - Item 18

We are required in this Item to provide you with certain financial information or disclosures about PAM's, financial condition. PAM does not require the prepayment of over \$500, six or more months in advance. Additionally, PAM has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to Clients, and it has not been the subject of a bankruptcy proceeding.

#### Requirements of State-Registered Advisers - Item 19

##### **Principal Executive Officers and Management Persons**

Paul Padovani is the sole owner, principal executive officer, and management person for PAM. Please see Item 2 below in the attached Form ADV Part 2B brochure supplements for information regarding his educational and business background.

##### **Outside Business Activities**

Mr. Padovani is the sole owner and executive officer of MGPC Agency, Inc., a New York based insurance agency. Additional information about this affiliation is provided in response to Item 10 – Other Financial Industry Activities and Affiliations of this Form ADV Part 2A disclosure brochure.

##### **Performance Based Fees**

Performance based fees are based on a share of capital gains on or capital appreciation of the Client's assets. As disclosed above at Item 6 of this Form ADV Part 2A disclosure brochure, we and our Associated Persons do not accept performance based fees.

##### **Disciplinary Information**

Please refer to Item 9 – Disciplinary Information for information about Mr. Padovani's disciplinary history.

##### **Other Relationships or Arrangements With Issuers of Securities**

PAM and its Associated Persons do not have any relationships or arrangements with any issuer of securities.

#### Padovani Asset Management, Inc. Privacy Notice

This notice is being provided to you in accordance with the Securities and Exchange Commission's rule regarding the privacy of consumer financial information ("Regulation S-P"). Please take the time to read and understand the privacy policies and procedures that we have implemented to safeguard your nonpublic personal information.

##### **INFORMATION WE COLLECT**

Padovani Asset Management, Inc. (PAM) must collect certain personally identifiable financial information about its customers to provide financial services and products. The personally identifiable financial information that we

gather during the normal course of doing business with you may include:

- information we receive from you on applications or other forms;
- information about your transactions with us, our affiliates, or others;
- information we receive from a consumer reporting agency.

#### **INFORMATION WE DISCLOSE**

We do not disclose any nonpublic personal information about our customers or former customers to anyone, except as permitted or required by law, or as necessary to provide services to you. In accordance with Section 248.13 of Regulation S-P, we may disclose all of the information we collect, as described above, to certain nonaffiliated third parties such as our attorneys, accountants, auditors and persons or entities that are assessing our compliance with industry standards. We enter into contractual agreements with all nonaffiliated third parties that prohibit such third parties from disclosing or using the information other than to carry out the purposes for which we disclose the information.

#### **CONFIDENTIALITY AND SECURITY**

We restrict access to nonpublic personal information about you to those Employees who need to know that information to provide financial products or services to you. We maintain physical, electronic, and procedural safeguards that comply with federal standards to guard your nonpublic personal information.

#### **ACCURACY**

PAM strives to maintain accurate personal information in our Client files at all times. However, as personal situations, facts and data change over time; we encourage our Clients to provide feedback and updated information to help us meet our goals.

## **Paul Andrew Padovani**

Personal CRD Number: 2688559  
President / Chief Compliance Officer / Investment Adviser Representative

### ***Padovani Asset Management, Inc.***

41 Wilner Road  
Somers, New York, 10589

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[Paul@padovaniassetmanagement.com](mailto:Paul@padovaniassetmanagement.com)  
[www.padovaniassetmanagement.com](http://www.padovaniassetmanagement.com)

**May 13, 2021**

### **Form ADV Part 2B Brochure Supplement**

This Brochure Supplement provides information about Paul Andrew Padovani that supplements the Disclosure Brochure of Padovani Asset Management, Inc. (hereinafter "PAM"), a copy of which you should have received. Please contact Paul Andrew Padovani, Chief Compliance Officer, if you did not receive the Disclosure Brochure or if you have any questions about the contents of this Brochure Supplement.

Additional information about Paul Andrew Padovani is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

#### Educational Background and Business Experience - Item 2

**Paul Andrew Padovani**

Year of Birth: 1971

*Formal Education After High School:*

- SUNY Oneonta, BS, Business Economics, 1994.

*Business Background for the Previous Five Years:*

- Padovani Asset Management, Inc., President / Chief Compliance Officer / Investment Adviser Representative, 07/2013 to Present.
- MGPC Agency, Inc., Owner/Agent, 02/2018 to Present.
- Warshaw Capital, LLC, Licensed Mortgage Loan Officer, 05/2014 to Present.
- WC Financial, LLC, Licensed Mortgage Loan Officer, 05/2014 to Present.

#### Disciplinary Information - Item 3

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Mr. Padovani. Please refer to Item 9 of PAM's Form ADV part 2A Brochure above for information about Mr. Padovani's disciplinary history.

#### Other Business Activities - Item 4

Mr. Padovani is a licensed insurance agent and may recommend insurance products offered by various insurance carriers. Please be advised that there is a conflict of interest in that there is an economic incentive to recommend insurance carriers and other investment products offered through such insurance carriers. The firm mitigates the conflict by disclosing the conflict to the client and makes recommendations in the best interest of the client. Please also be advised that Mr. Padovani strives to put his clients' interests first and foremost, and clients are not obligated to purchase insurance products through Mr. Padovani. Mr. Padovani spends less than 10% of his time in this capacity.

Mr. Padovani is a licensed mortgage loan officer and may sell mortgages to clients of PAM. Please be advised that there is a conflict of interest in that there is an economic incentive to sell mortgages to advisory clients of PAM. The firm mitigates the conflict by disclosing the conflict to the client and Mr. Padovani makes recommendations in the best interest of the client. Please also be advised that Mr. Padovani strives to put his clients' interests first and foremost, and clients are not obligated to purchase mortgage products through Mr. Padovani. Mr. Padovani spends less than 25% of his time in this capacity.

#### Additional Compensation – Item 5

Apart from the receipt of compensation for the activities disclosed under Item 4 above, Mr. Padovani does not receive additional compensation or economic benefits from third party sources in connection with his advisory activities.

#### Supervision - Item 6

Mr. Padovani is the sole owner and Chief Compliance Officer of PAM. He is responsible for the implementation of the firm's compliance program and for the overall supervision of the firm's advisory activities and its Associated Persons. He can be reached at the phone number listed on the cover of this Brochure Supplement.

PAM has implemented a Code of Ethics and an internal compliance program that guides each Associated Person, including Mr. Padovani, in meeting their fiduciary obligations to clients. Mr. Padovani adheres to the Code of Ethics and compliance manual as mandated. Clients may contact him at the phone number listed on the cover of this Brochure Supplement to obtain a copy of the Code of Ethics.

Additionally, PAM is subject to regulatory oversight by various agencies. These agencies require registration by PAM and its Associated Persons, where applicable. As a registered entity, PAM is subject to examinations by regulators, which may be announced or unannounced. Additionally, PAM is required to periodically update the information provided to these agencies and to provide various reports regarding the firm's business and assets under management.

#### Requirements for State-Registered Advisers - Item 7

This disclosure is required by state securities authorities. As such, we are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Mr. Padovani.

- A. Mr. Padovani has NOT been involved in any of the events listed below.
  - 1. An award or otherwise being found liable in an arbitration claim alleging damages in excess of \$2,500, involving any of the following:
    - a) an investment or an investment-related business or activity;
    - b) fraud, false statement(s), or omissions;
    - c) theft, embezzlement, or other wrongful taking of property;
    - d) bribery, forgery, counterfeiting, or extortion; or
    - e) dishonest, unfair, or unethical practices.
  - 2. An award or otherwise being found liable in a civil, self-regulatory organization, or administrative proceeding involving any of the following:
    - a) an investment or an investment-related business or activity;
    - b) fraud, false statement(s), or omissions;
    - c) theft, embezzlement, or other wrongful taking of property;
    - d) bribery, forgery, counterfeiting, or extortion; or
    - e) dishonest, unfair, or unethical practices.
- B. Mr. Padovani was the subject of a Chapter 7 bankruptcy filing in 2014. The bankruptcy was discharged 07/2014.

Information regarding Mr. Padovani's disciplinary history can be found online at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). His individual CRD number is 2688559.