

# Part 2A of Form ADV

## **Sterling Asset Management Co Inc.**

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This Brochure provides information about the qualifications and business practices of Sterling Asset Management Co Inc (“**Sterling**”). If you have any questions about the contents of this Brochure, please contact Mr. Daniel Lanzetta at (518) 265-6968. 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.

Sterling is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Sterling also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **MATERIAL CHANGES**

There are no material changes from the Brochure dated March 29, 2021.

In the future, this section will discuss any material changes that are made to the Brochure and provide a summary of such changes.

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## **ADVISORY BUSINESS**

Sterling Asset Management Co Inc (“**Sterling**”) is a New York corporation formed on January 3, 1991. Its principal owner is Daniel Lanzetta.

Sterling offers discretionary investment advice to high net worth individuals, corporations and other businesses.

Our investment process involves the consideration of fundamental and technical data along with the individual investment objectives of Sterling client. Please see Methods of Analysis, Investment Strategies and Risk of Loss for a more complete description of Sterling’s investment process.

We provide customized investment advice to each client based on a client’s investment objectives, age and risk tolerance.

If a client desires to impose restrictions on investing in certain securities or types of securities, Sterling will maintain these assets in a separate account and monitor all purchases and sales to ensure they comply with the requirements of the client.

As of the date of this Brochure, Sterling has approximately \$64,124,006.00 in assets under management, all of which is discretionary.

## **FEES AND COMPENSATION**

Sterling is generally compensated for its investment advisory services on the basis of fees calculated as a percentage of assets under management. All fees are subject to negotiation. Sterling is generally paid one percent (1.0%) of assets under management for client assets totaling \$0-\$1,000,000 and three quarters of a percent (.75%) for client assets totaling \$1,000,000 - \$2,000,000. Management fees for client assets totaling over \$2,000,000 are as negotiated. Sterling may also on occasion be compensated through fixed fee arrangements.

The specific manner in which fees are charged by Sterling is established in each client’s written agreement with Sterling. Sterling will generally bill its fees on a quarterly basis in arrears. Management fees shall be prorated for each capital contribution and withdrawal made during the applicable calendar quarter. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee.

Sterling’s fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund’s prospectus. Such charges, fees and commissions are exclusive of and in addition to Sterling’s fees.

Sterling does not accept compensation for the sale of securities or other investment products from third parties.

See “Brokerage Practices” below for a description of the factors that Sterling considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

## **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Sterling does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

## **TYPES OF CLIENTS**

Sterling provides portfolio management services to individuals, high net worth individuals, corporate pension and profit-sharing plans and other U.S. and international institutions.

A minimum initial investment of \$250,000 is generally required to establish an investment account with Sterling. Sterling may waive this minimum investment amount in its discretion.

## **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

Sterling uses the following methods of analysis and investment strategies when formulating investment advice for our clients:

As stated earlier, fundamental and technical analysis are the two paramount pillars for investment analysis. However, diversification is probably the most important component to minimize risk.

Examples of fundamental data are the management team of the company; earnings projections; financials (e.g. balance sheet, income statement et cetera); capitalization of the company (e.g. shares outstanding and debt structure); analyst upgrades or down grades and earning up grades or down grades to name a few.

Examples of technical specifics would be price and volume activity. With regard to price, Sterling generally considers the 10 day, 50 day and 200 day moving averages of the price of an investment to be helpful in projecting the condition of that investment.

Volume is another example of a tool of technical analysis. Sterling may, for instance, compare the daily volume of a specific stock against its own 50 day moving average volume in an attempt to predict the direction of that stock.

Sterling's investment strategies can be separated into three general categories: Growth; Growth and Income, and Income. The particular strategy or strategies employed for a client will depend on the client's investment objectives, age and risk tolerance.

The material risks related to these methods of analysis and investment strategies are as follows:

### ***General Investment Risk.***

The business of investing in securities is highly competitive and the identification of attractive investment opportunities is difficult and involves a high degree of uncertainty.

All investments in securities and other financial instruments involve substantial risk of volatility (potentially resulting in rapid declines in market prices and significant losses) arising from any number of factors that are beyond the control of Sterling, such as: changing market sentiment; changes in industrial conditions, competition and technology; changes in inflation, exchange or interest rates; changing domestic or international economic or political conditions or events; changes in tax laws and governmental regulation; and changes in trade, fiscal, monetary or exchange control programs or policies

of governments or their agencies (including their central banks). Changes such as these, as well as innumerable other factors, are often unpredictable and unforeseeable, rendering it difficult or impossible to predict or foresee future market movements.

### ***Investment Selection***

The success of client positions depends in large part on Sterling's ability to accurately assess the fundamental value of those positions. An accurate assessment of fundamental value depends on a complex analysis of a number of financial and legal factors. No assurance can be given that Sterling will be in a position to assess the nature and magnitude of all material factors having a bearing on the value of client positions, or that Sterling will accurately assess the impact of all factors of which it is aware.

### ***Equity Risks***

Sterling expects to invest client assets in equity and equity derivative securities. The value of these securities generally will vary with the performance of the issuer and movements in the equity markets. As a result, clients may suffer losses if Sterling selects equity securities of issuers whose performance diverges from Sterling's expectations or if the equity markets generally move in a single direction and Sterling has not anticipated such a general move.

### ***Debt Securities***

Sterling expects to invest client assets in debt securities. A debt security typically has a fixed payment schedule which obligates the issuer to pay interest to the lender and to return the lender's money over a certain time period. A company typically meets its payment obligations associated with its outstanding debt securities before it declares and pays any dividends to holders of its equity securities. While most debt securities are used as an investment to produce income to an investor as a result of the fixed payment schedule, debt securities also may increase or decrease in value. The market value of debt securities generally varies in response to changes in interest rates and the financial condition of each issuer. During periods of declining interest rates, the value of debt securities generally increases. Conversely, during periods of rising interest rates, the value of such securities generally declines. This increase or decrease in value will affect the value of client accounts. These increases or decreases are likely to be more significant for longer duration debt securities.

### ***Changing Market Conditions***

Certain changes in general market conditions — for example, markets in which new inputs or an influx of new market participants disrupt the historical relationship between econometric factors and equity price movements — could materially reduce the profit potential for Sterling's clients.

There can be no assurance that the methods described above will be successful or that clients will not suffer losses. Investing in securities involves risk of loss that clients should be prepared to bear.

## **DISCIPLINARY INFORMATION**

Sterling is required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of it or the integrity of its management. Sterling has no information applicable to this section.

## OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Sterling and its principals have no other financial industry activities or affiliations.

## CODE OF ETHICS

Sterling prohibits disclosure of confidential client information, insider trading, the acceptance of significant gifts, and personal securities trading procedures that conflicts with client transactions, among other things.

Sterling anticipates that, in appropriate circumstances, consistent with clients' investment objectives, **it will cause accounts over which Sterling has management authority to effect and will recommend to investment advisory clients or prospective clients**, the purchase or sale of securities in which Sterling, its affiliates and/or clients, directly or indirectly, have a position of interest. Subject to satisfying this policy and applicable laws, officers, directors and employees of Sterling and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for Sterling's clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with Sterling's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

Sterling's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Daniel Lanzetta.

It is Sterling's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. Sterling will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

## BROKERAGE PRACTICES

Sterling generally recommends that Morgan Stanley be used to effect all client securities transactions. However, a client may direct Sterling to use any other broker-dealer to effect the securities transactions in the client's account(s).

Sterling does not accept soft dollar benefits from broker dealers in exchange for selecting or recommending a broker dealer to execute client transactions.

Sterling does not determine whether commission rates being charged by Morgan Stanley or another broker selected by its clients are the lowest available nor does Sterling negotiate commission rates on behalf of its client unless specifically directed to do so. As a result, clients using Morgan Stanley or other brokers designated by them may pay materially disparate commissions depending upon the commission rate policy of Morgan Stanley or other brokerage they designate.

## **REVIEW OF ACCOUNTS**

Accounts are reviewed on a monthly basis, or more frequently at the request of the client. Daniel Lanzetta, the founder and President of Sterling, will be the sole reviewer of all accounts.

## **CLIENT REFERRALS AND OTHER COMPENSATION**

Sterling does not compensate third parties for client referrals.

## **CUSTODY**

Sterling does not have custody over client funds or securities. All accounts will be domiciled at a registered broker-dealer, who will generate monthly reports on each client account and send one copy of the reports directly to both the client and Sterling. The monthly reports will describe all account activity.

Sterling urges you to carefully review such statements and compare such official custodial records to the information that we may provide to you.

## **INVESTMENT DISCRETION**

Sterling generally has discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

There are no specific limitations on the securities to be bought or sold or the amount of such securities to be bought or sold for a particular account, unless client's guidelines state otherwise. However, when selecting securities and determining amounts, Sterling observes the investment policies, limitations and restrictions of the clients for which it advises.

## **VOTING CLIENT SECURITIES**

As a matter of firm policy and practice, Sterling does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Sterling may provide advice to clients regarding the clients' voting of proxies.

## **FINANCIAL INFORMATION**

Registered investment advisers are required in this section to provide you with certain financial information or disclosures about Sterling's financial condition. Sterling has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

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