



## Form ADV Part 2A

March 27, 2023

This brochure provides information about the qualifications and business practices of Palisades Hudson Asset Management, L.P. If you have any questions about the contents of this brochure, please contact us at (954) 524-5552. 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 Palisades Hudson Asset Management, L.P. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**300 First Stamford Place  
Suite 215  
Stamford, CT 06902  
(914) 723-5000**

**200 SW First Avenue  
Suite 1250  
Fort Lauderdale, FL 33301  
(954) 524-5552**

**201 S Biscayne Blvd  
28th Floor  
Miami, FL 33131  
(954) 524-5552**

**3340 Peachtree Road NE  
Suite 1545  
Atlanta, GA 30326  
(678) 500-8620**

**1915 NE Stucki Avenue  
Suite 400  
Hillsboro, OR 97006  
(971) 240-4533**

**9442 North Capital of Texas  
Hwy, Plaza One, Suite 500  
Austin, TX 78759  
(512) 201-4022**

**[www.palisadeshudson.com](http://www.palisadeshudson.com)**

## **Item 2 - Material Changes**

This item discusses material changes made to the brochure since Palisades Hudson Asset Management L.P.'s last annual update dated March 14, 2022.

The following material change has been made to the brochure:

Palisades Hudson Asset Management, L.P. has moved its Austin, Texas office from 100 Congress Avenue, Suite 2000 to 9442 North Capital of Texas Hwy, Plaza One, Suite 500.

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## **Item 4 - Advisory Business**

Palisades Hudson Asset Management, L.P. ("Palisades Hudson") provides the following services to its clients:

- **Investment Advisory Services to Individuals, Trusts, and Entities**

Palisades Hudson provides three levels of investment advisory services:

- Performance Reporting
  - Monthly reporting of assets under management
  - All investment actions are performed at the client's direction
- Active Management
  - Monthly reporting of assets under management
  - Palisades Hudson performs research, recommends investments, and executes discretionary transactions when authorized
- Trust Management
  - Monthly reporting of assets under management
  - Palisades Hudson performs research and executes transactions
  - One of Palisades Hudson's principals or officers acts in a trustee role

Palisades Hudson's investment philosophy focuses on asset allocation and long-term, disciplined investing. Palisades Hudson creates an asset allocation for each active management and trust management client that is consistent with the client's risk tolerance and short- and long-term planning objectives. We seek to balance growth and security by building diversified portfolios comprised of cash equivalents, fixed-income securities, alternative investments, and U.S. large-cap, U.S. small-cap, international, natural resources, and real estate equities. We attempt to manage risk by investing in carefully researched securities, with analysts monitoring each asset class, as well as each security. Clients may impose restrictions on investing in certain securities or types of securities.

Palisades Hudson primarily uses open-end mutual funds and exchange-traded funds to implement the investment strategies developed for its clients. We avoid short-term trading and market timing strategies, which we believe are counterproductive. We typically do not pick individual stocks or bonds. However, we will evaluate existing positions that clients place under the firm's management to determine whether or not these securities are appropriate given the client's asset allocation and investment strategy. Each investment is selected in accordance with the client's target asset allocation.

- **Investment Advisory Services to Retirement Plans**

Palisades Hudson offers investment advisory services to plan sponsors of employer-provided retirement plans. These services include:

- Selecting appropriate investment options
- Monitoring the performance of investment options
- Conducting presentations for plan participants
- Providing general investment advice to plan participants
- Accepting co-fiduciary responsibility as an ERISA §3(21) Fiduciary

- **Fund Management**

Palisades Hudson acts as manager for three private equity funds (“the Funds”):

- PH Investors Riverstone Energy II, LLC
- PH Investors THL VII, LLC
- PH Investors TPG Asia VII, LLC

The Funds provide access for qualified purchasers (as defined in the Investment Company Act of 1940) to private equity managers and investments. Palisades Hudson manages and controls the business affairs of the Funds. Members receive annual audited financial statements and the annual tax information necessary to complete their tax returns.

- **Consulting**

Palisades Hudson consults on asset allocation and portfolio strategies. We provide consultation services either in person or in writing. Advice that we give via consultation is consistent with the investment philosophy we employ when providing investment advisory services to individuals, trusts, and entities.

*Additional Information – Advisory Business*

Before engaging Palisades Hudson to provide any of the previously mentioned services, clients are required to enter into a written agreement. This document discusses the terms and conditions of the engagement.

Larry M. Elkin founded Palisades Hudson in November, 1997. The principal owners of Palisades Hudson are the Larry M. Elkin Living Trust and Palisades Hudson Asset Management, Inc., which are both owned by Larry M. Elkin.



As of December 31, 2022, Palisades Hudson had the following assets under management:

- Discretionary Assets \$735,773,210
- Non-discretionary Assets \$640,251,913

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

Our firm and staff do not accept compensation or commissions for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds. We are only compensated by our clients.

### **• Investment Advisory Services to Individuals, Trusts, and Entities**

As noted above, we provide three levels of investment advisory services which each have a separate, non-negotiable, schedule of fees. These schedules are detailed in the chart below.

		Performance Reporting	Asset Management	Trust Management
on the first	\$2,000,000	0.35%	0.95%	1.30%
on the next	\$3,000,000	0.25%	0.75%	1.00%
on the next	\$5,000,000	0.20%	0.60%	0.80%
on the next	\$10,000,000	0.10%	0.50%	0.65%
on the next	\$30,000,000	0.03%	0.30%	0.35%
on the next	\$150,000,000	0.03%	0.25%	0.30%
above	\$200,000,000	0.014%	0.25%	0.30%

We charge investment advisory fees based on the amount of assets under management. We bill monthly, in advance, on a pro-rata basis. We typically deduct each client's monthly fee from their portfolio. However, if a client prefers to pay by check, we send them a monthly bill with payment instructions.

If either Palisades Hudson or the client should choose to terminate the engagement, we reimburse the client for any unearned investment advisory fees that we previously collected. We compute unearned investment advisory fees on a pro-rata basis for the month when termination occurs.

Our minimum monthly fee is \$395.83, which is one-twelfth of \$4,750, the minimum annual fee. In certain situations Palisades Hudson may waive its minimum fee, which is a flat dollar amount, and instead charge clients based on our schedule of fees.

Additionally, invoices from Palisades Hudson will reflect out-of-pocket postal and courier expenses that we incur in servicing client accounts. There is no charge for first-class domestic mailing of monthly statements.

For billing purposes, Palisades Hudson may aggregate accounts owned by a family, including entities controlled or established by family members. In this situation, we will bill each client based on that client's pro-rata share of the family group's fee. This may result in lower monthly fees for some or all members of the family. Family account aggregation is at our sole discretion. We will communicate any changes to our fee aggregation policies that will affect a client's accounts in advance.

In addition to our investment advisory fees, our clients incur fees (such as brokerage transaction fees) when we trade securities on their behalf. Palisades Hudson does not benefit financially from these fees. For more information, please refer to the "Brokerage Practices" section of this brochure.

Clients also incur fees and expenses charged by managers of the investments selected by Palisades Hudson. For example, mutual funds and limited partnerships charge management fees to their investors. Palisades Hudson does not benefit financially from these fees.

- **Investment Advisory Services to Retirement Plans**

Palisades Hudson does not have a standard fee schedule for investment advisory services provided to plan sponsors. We determine fees based on various factors specific to the plan, such as the amount of assets, the number of participants, and the services we provide. We may base the fees on assets under management, a fixed fee, or any other method that is agreed upon with the plan sponsors.

- **Fund Management**

As noted above, Palisades Hudson acts as manager for several private equity funds. Our management services have a separate, non-negotiable fee structure. We charge an initial management fee of 1.0% on all capital committed to each fund. In addition, we charge each fund an annual management fee calculated at an annual rate of 1.25%.

The funds pay us based on the capital commitments of each of the members. We are paid the annual management fee semi-annually (half in January and half in July), and the fee is pro-rated for short years.

Clients who invest in the funds and also use our investment advisory services are not billed twice for their investment in the funds. Client commitments to the



funds are subtracted from their total assets under management before we calculate their monthly management or reporting fees.

- **Consulting**

Palisades Hudson does not have a standard fee schedule for consulting services. We negotiate any consulting fees with the client in advance, and they are typically due before services are rendered.

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

Palisades Hudson does not charge performance-based fees or conduct side-by-side management. Our fee structure is described in the “Fees and Compensation” section of this brochure.

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

Palisades Hudson generally provides investment advice to:

- Individuals
- Limited Partnerships and Limited Liability Companies
- Pension and profit sharing plans
- Trusts and estates
- Corporations or business entities
- Private investment funds

We do not have requirements for opening or maintaining an account, such as a minimum account size. Our minimum monthly fee is \$395.83, which is one-twelfth of \$4,750, the minimum annual fee for active management services. In certain situations Palisades Hudson may waive its minimum fee, which is a flat dollar amount, and instead charge clients based on our schedule of fees.

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

Palisades Hudson uses a long-term investment strategy based on asset allocation that is appropriate for a client’s investment goals and tolerance for short-term volatility.

Palisades Hudson primarily uses open-end mutual funds and exchange-traded funds to implement the investment strategies developed for its clients. We avoid



short-term trading and market timing strategies, which we believe are counterproductive. We typically do not pick individual securities. However, we will evaluate existing positions that clients place under the firm's management to determine whether or not these securities are appropriate given the client's asset allocation, investment strategy, and tax exposure. Each investment is selected in accordance with the client's target asset allocation.

The material risk our clients face is market risk. Our portfolios are highly diversified to limit exposure to any particular security, company, or industry. We also diversify across asset classes to limit clients' exposure to any particular part of the market, such as international equities. However, clients' portfolios are exposed to broad market movements. Although we try to mitigate risk, investing in securities involves risk of loss, which a client must be prepared to bear.

We attempt to manage risk by investing in carefully researched securities, with analysts monitoring each asset class and security. Palisades Hudson's analysts monitor each asset class we invest in, including:

- U.S. large-cap equities
- U.S. small-cap equities
- International equities
- Real estate equities
- Natural resources equities
- Fixed-income securities and cash equivalents
- Alternative investments – private equity, hedge funds, etc.

Analysts are supervised by a member of the Investment Committee. Our Investment Committee, which is made up of Anthony D. Criscuolo, Melinda Kibler, ReKeithen Miller, Rebecca Pavese, Benjamin C. Sullivan, and David Walters, reviews the securities we invest in and any changes to our investment strategy.

*Additional Information – Methods of Analysis, Investment Strategies and Risk of Loss*

There may be occasions when the amount of a security available is insufficient to satisfy every client account. In this situation, the security must be allocated on a basis that is fair, reasonable and equitable to all clients.

We take the following steps to allocate an insufficient quantity of securities to satisfy all clients:

1. The suitability of the investment is considered. All clients should receive pro-rata allocations if the investment is suitable for them. Suitability is determined based on a number of factors, including the client's investment objectives and existing portfolio composition.
2. If the security is only available because of investments or investment commitments made by a subset of clients, these clients will have the opportunity to receive maximum allocations before other clients receive any allocations. Such allocations will be made pro-rata.

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

Palisades Hudson Asset Management, L.P. and its management have not been involved in any legal or disciplinary events.

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

Larry M. Elkin, president of Palisades Hudson Asset Management, Inc. (the General Partner of Palisades Hudson Asset Management, L.P.) is also president of Palisades Hudson Financial Group LLC, a financial planning firm. We provide investment advisory services to clients who may separately obtain other services from the financial planning firm. This relationship does not present any material conflicts of interest with our clients.

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

- **Code of Ethics**

Palisades Hudson has adopted and enforces its Code of Ethics ("Code") to comply with SEC rule 204A-1 under the Investment Advisors Act of 1940. The Code is based on the principle that our staff owes a fiduciary duty to our clients and therefore must **avoid**:

- Serving our own personal interests ahead of our clients
- Taking inappropriate advantage of our position with the firm
- Any actual or potential conflicts of interest or any abuse of our position of trust and responsibility

The Code also establishes rules of conduct for all staff of Palisades Hudson Asset Management, L.P. regarding:

- Standards of business conduct
- Prohibition against insider trading
- Personal securities trading
- Compliance procedures for personal securities trading
- Protecting the confidentiality of client information
- Giving or receiving gifts from a person or entity that does business with the firm

We will provide any client or prospective client with a copy of our Code upon request.

- **Participation or Interest in Client Transactions**

Palisades Hudson has solicited investments in PH Investors Riverstone Energy II, LLC, PH Investors THL VII, LLC, and PH Investors TPG Asia VII, LLC. We collect management fees from the Funds and therefore have a financial interest in these investment products.

Any recommendation to invest in the funds is done with the client's best interest in mind. As discussed above, the purpose of the Funds is to provide access to private equity investments for qualified purchasers. In most, if not all circumstances, we receive greater compensation through an investment in a fund than for our standard asset management services. This potential conflict of interest is disclosed to all potential investors in the Funds before they invest.

- **Personal Securities Trading**

Our employees often invest in the same mutual funds and exchange traded funds that we recommend to our clients. In order to prevent any conflicts of interest, the Chief Compliance Officer ("CCO") must approve employee transactions in securities that are traded throughout the day, such as exchange traded funds, before they can be placed. This ensures that our employees do not execute trades in such a way that would benefit themselves at the expense of the client.

Because mutual funds are traded once a day, our employees cannot execute a better trade for themselves than for our clients on any given day. Therefore, mutual fund transactions do not present a conflict of interest between our employees and our clients.

Our personal securities trading policies apply to the following people and accounts:

- Officers
- Directors
- Employees
- Spouses, minor children, and members of the households of those officers, directors, and employees
- Accounts in which an officer, director, or employee may have a direct or indirect beneficial interest

Our CCO approves any employee transaction involving securities which are also held in client accounts before the transaction occurs. The CCO also has discretion over how much time the employee has to execute the transaction.

As mentioned above, certain types of transactions are not required to be reported to the CCO because they do not present a conflict of interest with our clients. These include transactions involving:

- Direct obligations of the U.S. Government
- Open-end investment company shares, including money market mutual funds
- Interests in variable insurance products or variable annuities

We prohibit employees from trading securities where a client, or immediate family member of a client, is a director, 10% shareholder, or policy-making officer. We provide our employees with an updated list of restricted companies quarterly.

An employee may liquidate a position in any security of a restricted company during a period beginning five calendar days after the company's quarterly (or annual) earnings are made publicly available, and ending 20 calendar days after the earnings announcement.

An employee who does not comply with these rules may face sanctions including termination.

Each employee is required to submit to the CCO a list of personal transactions quarterly and a list of personal securities holdings annually. The CCO reviews these lists to ensure our personal securities trading policies are upheld.

## **Item 12 - Brokerage Practices**

When selecting broker-dealers, we do not only seek to obtain the lowest possible commissions. We evaluate broker-dealers based on several factors, including the overall quality of service, ability to execute trades, commission rates, and financial condition.

We generally suggest the use of the custodial and brokerage services of Charles Schwab & Co., Inc. or Fidelity Investments, which are independent and non-affiliated broker-dealers. Schwab and Fidelity enable Palisades Hudson to purchase many mutual funds without transaction charges, and other securities at nominal transaction charges. We have negotiated with Schwab and Fidelity on behalf of our clients in order to lower the cost of trading securities. However, the rates we have negotiated may not be the lowest available rates in the market.

- **Research and Other Soft Dollar Benefits**

Soft dollars are amounts that money managers pay out of their clients' accounts to a brokerage firm to cover the cost of research, products, or services provided by the brokerage firm or by a third party. We do not receive any research, products, or services on a soft dollar basis.

- **Trade Aggregation**

Palisades Hudson may aggregate client trades in situations where all clients involved will benefit. For example, if we plan to buy or sell a security for several clients, and we expect to receive a better price by combining the purchases or sales, we will do so.

## **Item 13 - Review of Accounts**

A portfolio manager reviews each client's portfolio at least once a month. If a client's portfolio has materially deviated from its recommended allocation, the portfolio manager will rebalance the portfolio in accordance with its allocation targets.

Anthony D. Criscuolo, Chief Investment Officer, is in charge of Palisades Hudson's day-to-day operations and oversees all aspects of investment strategy, portfolio management, due diligence, and manager selection for all client portfolios.

We provide clients with a monthly report which contains:

- A list of complete holdings with current values
- The change in the portfolio's balance over three periods: from when we first began managing the client's portfolio, from the beginning of the year, and from the beginning of the month
- A list of transactions which occurred during the month

Clients also receive monthly or quarterly statements from the qualified custodians that custody the clients' assets. We encourage clients to compare the statements they receive from Palisades Hudson with those from the qualified custodians.

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

Palisades Hudson may compensate solicitors for client referrals. Any solicitors compensated by Palisades Hudson are not employees of Palisades Hudson, and will not provide investment advice. They will assist us in presenting our advisory services to potential clients and establishing a relationship between them and us. The law requires solicitors to disclose their relationship with Palisades Hudson to prospective new clients before the clients engage us for investment advisory services.

Solicitor compensation will be taken from investment advisory fees earned, and will not be passed along to the client in any way. Any solicitors compensated by Palisades Hudson will receive a percentage of fees paid by referred clients for a negotiated time period.

#### **Item 15 - Custody**

Palisades Hudson Asset Management, L.P. custodies its clients' assets with registered broker-dealers that meet the definition of qualified custodians. The qualified custodians provide our clients with monthly or quarterly statements, and we encourage our clients to review these statements carefully and compare them with the monthly statements we provide.

## **Item 16 - Investment Discretion**

We accept discretionary authority to manage securities accounts on behalf of our active management and trust management clients. This authority allows us to do some or all of the following without obtaining specific consent from our clients:

- Buy or sell securities
- Disburse funds to other accounts that are in the client's name (the accounts must be identically registered)
- Debit investment advisory fees

The client grants discretionary authority, in writing, when we create new accounts on their behalf. This is typically accomplished by granting Palisades Hudson a limited power of attorney. We do not set up accounts on behalf of clients without the client's consent. Clients may request a limitation on our discretionary authority, such as certain securities not to be bought or sold.

Discretionary authority is also detailed in our engagement letter, which our clients sign before services are rendered.

## **Item 17 - Voting Client Securities**

We vote client securities for those clients that have delegated proxy voting responsibilities to us.

### **• General Proxy Voting Policies and Guidelines**

We analyze the proxy statements of issuers whose stock or mutual fund is owned by our clients. Our staff processes proxy votes on behalf of and in the sole interest of our clients. We will consult with a client before voting a proxy for a particular security only if a client requests it.

We have adopted general guidelines for voting proxies with regards to the following issues:

- Election of board of directors
- Ratification of independent auditors
- Management and director compensation
- Anti-takeover mechanisms and related issues
- Changes in the organization's capital structure
- Mergers and corporate restructuring
- Corporate responsibilities and social issues

Our full proxy voting policies and procedures describe these guidelines in detail. We follow these guidelines as a general policy, but consider each proxy based on the relevant facts and circumstances.

- **Conflicts of Interest**

If we recognize a conflict between a client's interests and our own when voting securities, we will notify the client of the conflict and will vote the shares in accordance with the client's instructions. In the event that we do not receive instructions from the client within three business days of the meeting, we may abstain from voting or vote the proxy in what we believe (in our sole discretion) is in our client's best interest. We foresee minimal potential conflicts of interest that may arise when voting proxies for our clients.

- **How to Obtain Voting Information**

We are responsible for maintaining appropriate proxy voting records. Such records will include a copy of all materials returned to the issuer and/or its agent, listings of proxies voted by us, and any other relevant information. We retain all records for at least five years.

You may request a copy of our proxy voting policies and procedures, as well as copies of the proxy voting records pertaining to your account, by calling Palisades Hudson Asset Management, L.P. at (954) 524-5552, or by sending a written request to:

Palisades Hudson Asset Management, L.P.  
200 SW First Avenue, Suite 1250  
Fort Lauderdale, FL 33301

## **Item 18 - Financial Information**

There are no financial conditions that are reasonably likely to impair Palisades Hudson's ability to meet our contractual commitments to our clients, and the firm has never been the subject of a bankruptcy proceeding.



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