

Form ADV Part 2A: Firm Brochure

Item 1 Cover Page

March 26, 2023

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Name of Investment Adviser: Tollefson & Company Investment Management LLC (T&C)

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IRS EIN: 27-18004489

CRD Number: 153092

“This brochure provides information about the qualifications and business practices of Tollefson & Company Investment Management LLC. If you have any questions about the contents of this brochure, please contact us at 202-841-2867 or [ktollefson@tolleffsoncompany.com](mailto:ktollefson@tolleffsoncompany.com). 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.

“Registration does not imply a certain level of skill or training.”

Additional information about Tollefson & Company Investment Management LLC is available on **FINRA at [finra.org](http://finra.org) or [Investor.gov](http://Investor.gov)/CRS.**

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Advisory Services and Fees

Tollefson & Company provides investment supervisory services and 100% of advisory billings from investment supervisory services. (based on last fiscal year)

T&C does not:

- Manage investment advisory accounts not involving investment supervisory services
- Furnish investment advice through consultations not included in either service described above
- Issue periodicals about securities by subscription
- Issue special reports about securities not included in any service described above
- Issue, not as any part of any service described above, any charts, graphs, formulas or other devices which clients may use to evaluate securities
- On a more than occasional basis, furnish advice to clients on matters not involving securities
- Provide a timing service
- Furnish advice about securities in any manner not described above

T&C does not call any of its supervisory services as financial planning or similar term.

T&C does not participate in wrap fee programs.

T&C offers investment advisory services for a percentage of assets under management. T&C does not receive compensation for hourly charges, fixed fees (not including subscription fees), subscription fees, commission or other.

Investment Advisory Services

T&C provides Investment Advisory Services, defined as making investments on behalf of the Client or giving advice to the Client based on the individual Client investment goals, objectives and risk tolerances. The Client's investment objectives, goals and risk tolerances are determined through in-depth communication with the Client resulting in a client investment policy and program. The Account is managed and supervised to the Client investment policy and is altered as the Client objectives change. Clients may impose restrictions regarding investment in particular types of securities or certain securities which is noted on the T&C Investment Management Agreement and updated annually. The Client may impose these restrictions at any time and T&C's compliance in the management of the Client portfolio as the Client communicates is immediately implemented.

Clients may include individuals, trusts, estates, corporations, charitable organizations, pension and profit sharing plans. Client portfolios are managed only on a discretionary basis. As of the date of this brochure, 100% of T&C portfolios are managed on a discretionary basis and 0% on a non-discretionary basis. As of December 31, 2022, discretionary assets under management were \$163,961,572.

T&C is required to disclose that comparable services may be available for lower fees, and requires that all material conflicts of interest be disclosed to the Client in writing that may cause T&C and its employees to not render objective and unbiased advice.

Tollefson & Company was established on January 28, 2010 as a Delaware LLC. Tollefson & Company is wholly owned (100%) by Kirsten Tollefson.

Fee Schedule for Investment Advisory Services

The annual fee for investment advisory services will be charged solely as a percentage of assets under management. The assets under management are marked to the market as of the last trading day of the quarter (quarter end). The total account market value used for the calculation will be taken directly from T&C's recorded market value and will not necessarily be the same market value as the custodians. Market values may differ due to bond pricing or assets excluded from investment advisory fees. T&C utilizes direct downloads for each account custodian through a professional portfolio management vendor, Black Diamond. The custodian's price or third-party pricing service is utilized for determination of market values as downloaded directly into T&C's portfolio management software (Black Diamond). It is T&C's policy that in the instance of a price discrepancy issue, a third-party professional pricing service price for the particular security shall be the price recorded in the portfolio.

This fee shall be charged quarterly, in advance and is based upon the calendar quarter end market value of the Client's account. All calculations are provided in the Client invoice as well as the stated market value from which the quarterly fee is derived. The Client may choose whether to have the fee deducted directly from their account or to pay the fee directly to T&C (under either circumstance the Client receives a fee billing statement with the account market value and fee calculation).

Account minimum: \$500,000

For all assets under management the annual fee is 1.00%.

Fees may be negotiable under specific circumstances and will be clearly documented.

Fees paid to T&C are separate from fees and expenses charged by mutual funds or exchange traded funds to their shareholders as described in the mutual fund or exchange traded fund prospectus. Client should review the fees charged by the mutual fund or exchange traded fund as well as T&C's investment advisory fee to determine the total fees to be paid by the Client.

The Investment Advisory Agreement may be cancelled by either party, at any time and for any reason upon 30 days written notice. As of the date of termination, any prepaid, unearned fees will be promptly refunded and any earned, unpaid fees will be due and payable.

Please refer to page 12, 13 and 15 of this ADV Part 2A for further detail regarding brokerage and custody.

Tollefson & Company, its supervised persons, employees do not receive any performance-based fees or fees based on a share of capital gains or on capital appreciation of the asset of a client. In summary, Tollefson & Company does not manage or receive compensation for any hedge funds or other pooled investment vehicles. Further, T&C does not manage portfolios at an hourly or for a flat fee or engage in any soft dollar arrangements.

Tollefson & Company provides investment advice to individuals, trusts, estates, corporations, charitable organizations, pension and profit-sharing plans. T&C does not provide investment advice to banks or thrift institutions or investment companies.

Tollefson & Company minimum account size is \$500,000.

Tollefson & Company offers advice on the following: Equity securities (exchange listed securities, securities traded over the counter and foreign issuers/ADR); Municipal securities, Mutual fund shares, Exchange traded funds, United States government securities, Corporate bonds and Preferred shares.

T&C's security analysis methods include:

Charting - using charts to identify security patterns that may suggest future activity.

Fundamental – the evaluation of a security (company) to measure its value. The financial condition of the company, its management, economic and industry factors are considered. This analysis is performed to determine the value of the security's (company) current price and then decide whether this current price is undervalued (buy), neutral (remain invested and continue to review) or overvalued (sell). This analysis represents a large part of T&C's investment decision process.

Technical – reviews securities based on historical market prices and technical indicators. The focus of technical analysis is the patterns of buyers and sellers (trading patterns) that may predict future investment price movement.

Cyclical – evaluate the effects of the peaks and valleys in the economy, politics, global issues and business cycles that may impact a security, industries or sectors. The goal is to purchase fundamentally attractive companies that will benefit from a strong economy and those that will be defensive or inexpensive (and thus attractive to purchase or hold) in a difficult economy.

Fundamental analysis represents the greatest part of T&C's security analysis methods with technical, charting and cyclical analysis contributing to the investment decision process.

The main sources of information utilized are: financial newspapers and magazines, electronic research materials, inspection of corporate activities, research materials prepared by others, corporate rating services, annual reports, prospectuses, Securities and Exchange filings and Company press releases.

The investment strategies used to implement any investment advice given to client include: long term purchases (greater than a year), short term purchases (less than a year) and trading for tax purposes (wash sale rule – 31 day trades). T&C has a low turnover (approximately 20% trading pattern on an annual basis) and does not implement frequent trading (defined as daily, high frequency trading or high turnover 80%-90% annually) of securities which can adversely affect transaction costs and portfolio investment performance. Equity portfolios and balanced portfolios (equities, cash and bonds allocated to percentages) are representative of most of T&C client portfolios.

T&C's Risk of Loss. T&C does not utilize analytical or strategic methods that involve unusual or significant risks. Risk in analysis is not limited to but may include incorrect information provided by companies, research firms, technical, cyclical, economic or public policy sources. Further technical and electronic errors may occur, the impact of economic and market issues cannot always be ascertained, and fundamental information may be flawed due to reporting that is beyond T&C's knowledge or control. Risk in investment strategies may occur due to overall market and economic conditions, individual company or other investment circumstances wherein principal may decline or be lost. T&C seeks to minimize temporary or permanent principal loss by purchasing investment vehicles that have strong financial statements, growth potential and may be defensive or opportunistic in given markets. T&C also structures portfolios to ensure proper asset allocation to match the Client's objectives while taking into account market and economic factors. Further, appropriate limit and stop limit orders may be implemented for principal and profit protection.

Please note that investing in securities involves risk of loss that Clients shall be prepared to bear.



Tollefson & Company Investment Management has never had any complaints or disciplinary action with any federal or state regulator, entity or individual. Further, no Client or other party has ever brought a complaint forward about or to T&C.

No T&C employee, principal, portfolio manager or employee has had any complaints or disciplinary action with any federal or state regulator, entity or individual. Further, no Client or other party has every brought a complaint forward about or to any T&C employee, principal, owner or portfolio manager.

Tollefson & Company is not affiliated nor is it involved in the following Financial Industry Activities:

- Registered or pending registration as a securities broker-dealer
- Registered or pending registration as a futures commission merchant, commodity pool operator or commodity trading adviser
- T&C does not have any arrangement that are material to its advisory business or its clients with a related person who is a:

- broker dealer
- investment company
- other investment adviser
- financial planning firm
- commodity pool operator, commodity trading adviser or futures commission merchant
- banking or thrift institution
- accounting firm
- law firm
- insurance company or agency
- pension consultant
- real estate broker or dealer
- entity that creates or packages limited partnerships

Tollefson & Company and its related persons is not a general partner in any partnership in which clients are solicited to invest.

Tollefson & Company does not recommend or select other investment advisers for clients and therefore does not receive compensation directly or indirectly from those advisers creating a material conflict of interest. T&C does not have other business relationships with advisers that create material conflict of interest.

Tollefson & Company and its related persons do not

- As principal, buy securities for itself from or sell securities it owns to any client
- As broker or agent effect securities transactions for compensation for any client
- As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer
- Recommend to clients that they buy or sell securities or investment products in which the applicant or related person has some financial interest

Tollefson & Company may buy or sell for itself securities it also recommends to clients. T&C alleviates potential conflicts of interests in these purchases or sales by requiring that client transactions must be executed prior to any transactions executed by T&C or its related persons and with prior approval by the CEO or Chief Compliance Officer. Potential conflicts of interest may include better execution prices for purchases or sales if trades are executed by Tollefson & Company before those in client accounts.

#### Personal Securities Trading

- “Access persons” (T&C employees and related persons) shall report personal securities transactions and holding on a quarterly basis (no later than 30 days after the close of the calendar quarter). Access personnel must submit transaction reports and holdings for “reportable securities” (defined as all securities with the exceptions designated under Rule 204A-1) in which the access person (or his or her immediate family sharing the same household) has or acquires a direct or indirect beneficial ownership.
- Exceptions from reporting requirements include: transactions effected by an automatic investment plan and/or; securities that are held in accounts wherein the access person has no direct or indirect control or influence.
- Initial holdings reports are required at the time the employee becomes an access person (within 45 days)
- All reports shall be submitted to the Chief Executive Officer and shall be reviewed, noted by signature and maintained in the appropriate segregated file.
- Personal Trading Procedures/Requirement for employees in their personal securities trading:
  - Investment opportunities are to be offered to T&C clients before T&C or its employees or access persons
  - If “restricted” lists are provided to employees or access persons wherein securities are prohibited for investment or trading (for employees or Clients), strict compliance is expected.
- Initial Public Offerings and Private Placements: The Code of Ethics may require that access persons obtain approval from T&C (CEO or Compliance Officer) before investing in a particular IPO or private placement.

All T&C employees and access persons must read and sign the T&C Compliance Manual which addresses Personal Securities Trading, Code of Ethics as part of its entirety. The Code of Ethics will be provided to any Client or prospective client upon request.

Best Execution

Tollefson & Company will seek to achieve best execution for a given Client trade when the trade is executed so that the Client's total costs or proceeds in the transaction are the most favorable under the circumstances. In selecting a broker-dealer for a particular transaction, the adviser considers the commission rate to be charged by the broker-dealer. Where multiple competing markets exist for listed stocks, T&C should make sure that the security is executed on the best market (or best market maker). However, if a Client has signed a Directed Brokerage Agreement, T&C will direct trades through the broker designated by the Client.

T&C will consider the following factors when placing a trade for a Client with a particular broker-dealer:

- ☐ Quality of overall execution services provided by the broker-dealer
- ☐ Promptness of execution
- ☐ Creditworthiness and business reputation of the broker-dealer
- ☐ Research (if any) provided by the broker-dealer
- ☐ Promptness and accuracy of oral, hard copy or electronic reports of execution
- ☐ Ability and willingness to correct errors
- ☐ Promptness and accuracy of confirmation statements
- ☐ Ability to access various market centers
- ☐ Any expertise the broker-dealer may have in executing trades for the particular type of security
- ☐ Commission charged by the broker-dealer
- ☐ Historical commission rates of the broker-dealer
- ☐ Whether the broker-dealer gives T&C Clients access to Initial Public Offerings
- ☐ Ability of the broker-dealer to use ECN's to gain liquidity, price improvement, lower commission rates and anonymity
- ☐ Reputation of the broker-dealer
- ☐ Execution and operational capabilities of the broker-dealer
- ☐ Financial condition of the broker-dealer

Brokerage for Client Referrals

Tollefson & Company does not select or recommend a broker-dealer based on interest of receiving client referrals. The Client's interest in most favorable execution is most important. Tollefson & Company does not and has not in the last fiscal year referred clients to a particular broker-dealer for client referrals.

Trade Aggregation

A Client trade will be aggregated with an employee trade under the following conditions:

- Each affiliated and non-affiliated participant in the trade will receive average execution and average commissions
- Securities purchased or sold will be allocated pro rata
- The practice of aggregating client trades with those of T&C employees and affiliated accounts will be fully disclosed in the T&C form ADV and T&C Client Advisory Agreement

Trade Allocation

Tollefson & Company's trade allocation procedures govern the allocation of securities that are purchased or sold for more than one Client. The allocation procedures are designed to promote fairness among the Client accounts managed by Tollefson & Company and to conform to applicable regulatory principles. The procedures set forth herein do not require allocation to be based on strict, mathematical formulas.

Trade Allocation (continued)

While generally based on objective criteria, they permit judgment to be exercised to recognized appropriate, special circumstances.

1. Order Size Securities purchased should generally be allocated by order size on pro rata basis. For example, Client X is a buyer of 200 shares and Client Y is a buyer of 100 shares and the investment adviser is only able to acquire 150 shares. Client X received 100 shares and Client Y receives 50 shares.
2. Unlimited Orders
  - a. Buy Orders. If several Clients are seeking to buy as many securities of the same issuer as they can, the securities acquired are allocated by the size of assets of each Client's account.
  - b. Sell Orders. If several Clients are seeking to sell as many securities of the same issuer as they can, the securities sold are allocated based on the total size of each client's position in that security.
3. IPO's. Securities acquired in initial public offerings (IPO's) are allocated based on the total size of each Client's investment portfolio.
4. Price. The price of securities allocated shall be at the average share price for all transactions of the Clients in that security on a given day, with all transaction costs share on a pro rata basis
5. Over-Allocation. Allocations may be made to a Client in excess of or below the amounts specified in 1 through 4 if:
  - a. A Client has a unique investment objective and the security being acquired meets that investment objective; and
  - b. The allocation would be too small to establish a meaningful position for the Client in that security.

Directed Brokerage

It is T&C policy to enter into directed brokerage arrangements only at the request of the Client and if in the best interests of such Client. In a "directed brokerage" arrangement, a Client directs the adviser to send commission business to particular broker-dealers that have agreed to provide services to such Client. It is T&C's duty to continue to seek best execution. Committing a Client's brokerage to a particular broker-dealer may adversely affect the T&C's ability to obtain best execution.

Review of Accounts

Tollefson & Company Client Accounts are reviewed by the Portfolio Manager on an ongoing basis. It is the responsibility of the Portfolio Manager for each Account to clearly state the Client's objectives, investment goals, risk tolerance and parameters and any other pertinent information with respect to the Client. This information (as well as Client contact) information is to be updated annually at a minimum or at such time that a change in Client's financial conditions, investment goals or strategy occurs.

Tollefson & Company provides to the Client quarterly written reporting that includes account holdings, cost basis, valuation, current income summary and performance statistics. On an annual basis, written realized gain and loss reports are provided to Client's with taxable portfolios. Upon Client request, any written report will be provided on an interim basis. The Client Account custodian provides written monthly statements, confirmations, tax reports under separate cover and at a minimum quarterly.

Tollefson and Company or a related person does not have any arrangements, oral or in writing, where it is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to Clients.

Tollefson & Company does not engage or directly compensate any properly registered investment adviser or investment adviser representative or exempt from registration for client referrals. T&C does not enter into a written cash referral agreement with registered investment adviser, investment adviser representative or exempt from registration. Tollefson & Company does not have any arrangements of this kind.

Tollefson & Company prohibits Investment Advisor Representatives to be registered with more than one investment advisor unless the investment advisers are under common control or ownership.

Tollefson & Company does not hold custody of Client funds or securities. Tollefson & Company is deemed to have custody with respect to investment management fees wherein T&C may direct the Custodian to withdraw funds only for the sole purpose of investment management fee payment directly to T&C. The Client qualified Custodian sends account statements on a monthly (and not less than quarterly) basis directly to the Client.

Tollefson & Company avoids custody with respect to investment management advisory fees that are directly withdrawn from client's accounts by:

- T&C Investment Advisory Agreement as executed by the Client gives permission to directly deduct investment advisory fees from the Client account held at the Custodian.
- T&C sends presents the fee to the Custodian or trustee at the same time that a copy is sent to the Client
- The Custodian provides monthly/quarterly statements to Clients showing all transactions including investment advisory fees deducted from the Client account

Tollefson & Company encourages Clients to compare and carefully review statements, confirmations, realized and unrealized gain and loss schedules and any other reports received from T&C with the documents received from their qualified Custodian. Tollefson & Company will immediately respond to any inquiries as to discrepancies or questions.



Investment or Brokerage Discretion

Tollefson & Company reviews the T&C Investment Advisory Agreement with the Client and its terms of discretionary authority prior to the Client's execution of the Agreement. Further, T&C communicates in detail with the Client as to investment goals, tolerances and restrictions prior to any discretionary implementation. Investment restrictions are included on the T&C Investment Advisory Agreement and if a particular security is in question, it is T&C's policy to speak with the client prior to any trade execution.

Tollefson & Company or any related person has the authority to determine without obtaining specific Client consent the:

- Securities to be bought or sold. T&C has full discretionary authority to determine, without Client consent, securities to be bought or sold for Clients who have signed discretionary T&C Agreements
- The amount of securities to be bought or sold. T&C has full discretionary authority to determine, without Client consent, the amount of securities to be bought or sold for Clients who have signed discretionary T&C Agreements

Tollefson & Company or any related person does not have the authority to determine the broker or dealer to be used without obtaining specific Client consent.

Tollefson & Company or any related person may suggest brokers to Clients. Brokers or dealers may be recommended if a Client enters into an Agreement with T&C without an existing broker-dealer relationship or broker-dealer preference. Brokers are recommended based on factors including but not limited to such as transaction costs and best execution. T&C does not recommend brokers for soft dollar purposes (T&C does not engage in soft dollar transactions for research, product or other services).

Tollefson & Company does not provide non-discretionary portfolio management service.

Tollefson & Company shall not vote proxies related to securities held by any Client. Clients will receive their proxies and other solicitations directly from their custodian or transfer agent. The Client may at any time contact T&C with questions, information or guidance as to vote their securities. T&C prefers that these requests be made in writing to the portfolio manager but will respond to any such request immediately.

Tollefson & Company does not custody Client funds or securities and does not require or solicit prepayment of more than \$500 in fees per Client and six or more months in advance thus Schedule G (balance sheet) is not provided.

Tollefson & Company does not have any financial conditional that is reasonably likely to impair our ability to meet contractual commitments to Clients. Tollefson and Company is not and has not been the subject of a bankruptcy petition at any time during the past ten years.



