

BERNARDI ASSET MANAGEMENT

Form ADV Part 2A: Firm Brochure

Item 1: Cover Page

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312-281-2021**

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This brochure provides information about the qualifications and business practices of Bernardi Asset Management, LLC. If you have questions about the contents of this brochure, please contact us at 312-281-2021. 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 Bernardi Asset Management, LLC is also available on the SEC's website at www.advisorinfo.sec.gov. Registration with the SEC does not imply a certain level of skill or training.

Item 2 Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since our last annual updating amendment on 11/28/2022, there have been no material changes to report.

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Item 4 Advisory Business

Bernardi Asset Management, LLC (hereafter "we," "us," "our" and "BAM") is an SEC registered investment advisor. BAM was formed in 2000 as a subsidiary of Bernardi Securities, Inc. (BSI), a registered broker-dealer which was formed in 1984.

Types of Services BAM Offers:

FIXED INCOME MANAGEMENT

BAM offers separate account fixed-income management with a specialization in municipal bonds. BAM manages portfolios for taxable and tax-free accounts.

BAM believes our clients' bond portfolios represent the "bedrock" of their investment portfolio with the primary objective of capital preservation. BAM seeks to add value through active management relying on market expertise to capitalize on market inefficiencies and opportunities. BAM seeks to increase net after-tax return in a manner consistent with a client's investment parameters.

BAM utilizes a separate account framework to develop customized portfolios to meet each client's specific needs. Clients and advisors have the option of investing in BAM's tax-exempt or taxable strategies or creating a customized portfolio. Portfolio parameters are created in consultation with the client and/or their advisor. Portfolio management documents are required and serve as the basis for portfolio investments.

Additionally, BAM offers investment advice on corporate debt securities; certificates of deposit; taxable municipal securities; United States government and agency securities; and money market funds.

Effective June 2020, BAM offers only discretionary management with limited trading authority. All discretionary activity is directed by pre-established investment guidelines approved by client.

Discretionary clients grant BAM discretion to manage the portfolio based upon investment strategy guidelines. BAM will have the authority and discretion to buy, sell, exchange, redeem, or otherwise effect transactions for the client's account consistent with these guidelines without prior notice to or consent from the client. Legacy non-discretionary clients are contacted before purchase or sale is made and the client must authorize transactions before execution. Recommendations are made pursuant to the investment strategy guidelines.

ASSET ALLOCATION PROGRAM

BAM offers an Asset Allocation Program. In general, the strategies consist of varying proportions of fixed income, equity, and alternative investments. A Risk Tolerance Questionnaire is available to help clients in determining which strategy is most appropriate for them, if not otherwise directed by the client.

The fixed income allocation is designed in accordance with what we believe are fundamental, long-term financial principles generally intended to control risk and generate cash flow over a complete market cycle. Exposure to equity and alternative investments provide clients with both passive and active exposure to these markets.

The strategies offered include:

- The Growth Objective – The investment objective of this strategy is capital appreciation. The

growth strategy is suitable for investors with a higher risk tolerance with an investment objective of capital appreciation who have little to no need for investment income.

- **Balanced Objective** – The investment objective of this strategy is a blend of capital appreciation and income generation. The balanced objective strategy is suitable for investors with an average tolerance for risk with an investment objective of capital appreciation and income.
- **Income Objective** – The investment objective of this strategy is income generation and capital preservation. The income objective strategy is suitable for investors with a low risk tolerance and an investment objective of income and capital preservation.

Asset Allocation Committee

The Asset Allocation Committee is responsible for developing the strategies and selecting the securities that will be used for each asset class. There is no set minimum or maximum number of positions that will be held for an account or specific frequency that account positions will be traded.

All assets under the Asset Allocation Program are managed on a discretionary basis. BAM retains the discretion to revise the Asset Allocation Program of each strategy cited above, the investment allocation, or other characteristics of a Portfolio.

IRA Rollover Recommendations

Effective December 20, 2021 (or such later date as the US Department of Labor ("DOL") Field Assistance Bulletin 2018-02 ceases to be in effect), for purposes of complying with the DOL's Prohibited Transaction Exemption 2020-02 ("PTE 2020-02"). When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

We benefit financially from the rollover of your assets from a retirement account to an account that we manage or provide investment advice, because the assets increase our assets under management and, in turn, our advisory fees. As a fiduciary, we only recommend a rollover when we believe it is in your best interest.

BAM Total Assets under Management (as of 09/30/2023)

Discretionary: \$338,820,937

Non-Discretionary: \$9,666,182

Item 5 Fees & Compensation

Fees are calculated based upon the market value and accrued interest of the portfolio at the close of a calendar quarter. For new accounts, or accounts with deposits made during the period, fees will be prorated. Fees are calculated based upon the market value and accrued interest at the time management commences. Securities valuations and accrued interest calculations are provided by independent third-party custodian or independent third-party software provider. Account management may be terminated by either BAM or client with at least thirty (30) days written notice. Any unearned fees on terminated accounts will be refunded on a prorated basis.

Client Fee:

First \$2 million	0.40%
\$2-5 million	0.35%
\$5-10 million	0.30%
\$10-15 million	0.25%
Above \$15 million	0.20%

Asset Allocation Platform

All Assets	0.40%
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Under certain circumstances, fees are negotiable, including but not limited to:

- Long Term Relationships
- Large Account Relationships
- Charitable, Civic and Municipal Organizations
- Investment Guidelines

Collection

Fees are payable quarterly in advance and are generally deducted from client accounts. Clients can elect to pay fees from outside funds if they desire. The fee will be computed and billed at the beginning of each quarter by applying one quarter of the applicable annual rate to the market value and accrued interest of the portfolio on the last trading day of the preceding quarter.

Other Fees

When BAM effects securities transactions for a client account, BAM passes on the fees charged by its clearing broker dealer and/or account custodian. Such fees are subject to change. BAM does not receive any compensation from custodial firm fees and does not select custodians.

Fees: (The fees reflected below reflect charges assessed by Pershing LLC, if account assets are held at another firm, fees will be different)

Processing fee for bonds:	\$12 per trade
Processing fee for Stock, ETF, or Mutual Fund:	\$16 per trade
Retirement Account Custodian Fee:	\$43.50 per year
Wire Transfer Fee:	\$20 per occurrence
Paper Statement/Confirm Fee:	\$0.75 per occurrence
Money Market Management Fee:	Varies due to fund selected by client
Paper subscription fee	\$2.00/month, per account
Paper tax document fee	\$10.00/year, per account

Additional fees/charges may be assessed by outside custodians and clearing firms.

Payment timing

Fees are paid quarterly in advance; any unearned fees due to termination of management before the

end of a payment cycle will be refunded on a prorated basis.

BAM and your advisor can receive compensation for the sale of securities products through its affiliated broker dealer. This practice represents a conflict of interest based on compensation received. Clients are urged to read and consider the contents of this brochure and to inquire about the sources of compensation and conflicts of interest in making a fair and reasonable assessment of the fee's clients pay for services rendered.

Clients have the option of purchasing investment products through other brokers or agents.

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

BAM does not charge performance-based fees.

Item 7 Types of Clients

BAM manages portfolios for a variety of clients including Individual investors, Banking Institutions, Pension & Profit Sharing Plans, Retirement Accounts, Trusts & Estates, and Corporations and Family Offices.

Minimum Account Size
\$250,000

Minimum relationship size is negotiable.

Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

BAM utilizes active management to increase our clients' net after-tax return in a manner consistent with their investment parameters. BAM's primary objective is preservation of capital. Our in-house credit analysis process is the foundation of our portfolio management process. BAM's highly experienced team of managers and analysts strive to enhance our credit analysis and portfolio management processes, as financial and economic markets continue to change.

BAM reviews various metrics when analyzing individual bonds. It focuses on deal purpose, deal structure, and underlying credit quality. BAM also reviews specific features of each security including: maturity, call/sinking fund dates, coupon, state issuer data and other metrics. BAM utilizes various information sources to supplement its analysis including: rating agency services, issuer annual reports, prospectuses and other filings, audited financial statements of municipalities, research prepared by third parties and general news sources.

When analyzing financial and economic markets, BAM reviews the current yield curve and current municipal market average yields for similarly rated credits. BAM also reviews economic developments both nationally (Federal Reserve policy, changes to the U.S. tax code, etc.) and globally as it relates to overseas markets and policy issues that could potentially affect U.S. markets.

Fixed income investing includes various risks that investors bear. These risks include: interest rate risk, reinvestment risk, credit risk, and default risk. Our active portfolio management and internal credit analysis process, helps us monitor and mitigate these risks.

Conflicting advice may be provided to different clients regarding the same security or investment.

Item 9 Disciplinary Information

BAM has no disciplinary information to report about itself or its associated persons.

Item 10 Other Financial Industry Activities and Affiliations

Material Relationships

BAM has a material relationship with BSI. BSI is a registered broker-dealer and sole owner of BAM. All client purchases/sales are executed through broker-dealers on either an agency or principal basis. These transactions create a conflict of interest between the adviser and the client. Management persons and investment adviser representatives are also registered representatives and principals of BSI, and are compensated by BSI for their services provided to BAM. BSI receives or has the potential to receive ticket charges, commissions, concessions, mark-ups, mark-downs, and underwriting fees when conducting business for BAM and its clients. BAM has policies and procedures in place to mitigate any potential conflicts. Clients can benefit from both types of transactions depending on the circumstances, by obtaining a more favorable transaction price for the securities being purchased or sold than otherwise available. Regardless of how the transaction is executed, BAM has a fiduciary responsibility to its clients and executes all securities transactions in accordance with its best execution responsibilities.

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

BAM is a Fiduciary and as such, BAM has adopted a comprehensive Code of Ethics for all portfolio managers and employees that address Standards of Business, Prohibition against Insider Trading, Personal Securities Transactions, Gifts and Entertainment, and Customer Privacy. A copy of this Code will be provided upon request.

BAM utilizes broker-dealer BSI, its sole owner, to effect securities transactions unless specifically instructed otherwise by the client. In that case, the client will designate a specific prime brokerage relationship with another broker-dealer(s) to effect client transactions. BAM will receive no compensation (other than its advisory fee) directly or indirectly for effecting a particular transaction.

When BAM executes transactions through BSI, a written disclosure of the capacity in which BSI is acting (i.e., either agent or principal) will be provided to the client. Client written consent, prior to the settlement of the transaction, will be obtained from client in those instances when BSI acts on a principal basis.

BAM, our portfolio managers and employees, may from time-to-time purchase or sell the same securities for our own accounts that are recommended for purchase for client accounts. To ensure that client interests take precedence over the personal securities trading interests of others within our control, transactions for client accounts will receive preference in terms of execution and price over transactions effected at or about the same time for the personal accounts of BAM, our portfolio managers, or employees. Further, we require each portfolio manager and employee to report on a periodic basis their personal securities transactions to our compliance officer to ensure that client accounts are not disadvantaged by the personal securities transactions of such persons.

From time to time, BAM will offer securities to its clients that are owned by BSI. Such offerings will be made only if they are consistent with client investment parameters and offering price and yield are attractive relative to current market offerings of similar quality and duration securities. This activity will

be especially prevalent for non-discretionary BAM client portfolios to increase efficiency of portfolio management process for BAM and its client. In all such cases, BAM's fiduciary responsibility continues to exist regardless of the conflict of interest. This conflict is mitigated by offering these investments to BAM clients at BSI cost plus bond processing fee as cited in Item 5. In addition, BAM's policies and procedures require full disclosure of BSI principal capacity at time of offering presentation and client written consent will be required prior to trade settlement date.

Item 12 Brokerage Practices

As previously stated BAM will utilize broker-dealer BSI to effect securities transactions for its client accounts and will use other broker-dealers where a prime brokerage relationship exists. When BSI effects transactions it will act in either an agent or principal capacity. Written disclosure of the capacity in which BSI is acting (i.e. either agent or principal) will be provided to BAM client. Client consent prior to the execution (settlement date) of the transaction will be obtained for all principal transactions. Due to the unique nature of fixed income products, BAM will utilize BSI to access and obtain appropriate fixed income products at competitive prices. The relationship has a potential conflict of interest. BAM has policies and procedures in place, which aim to mitigate any conflicts so that it satisfies its obligations per the best execution rule related to all transactions. Furthermore, BAM's trading policies require multiple bids to be received from multiple dealers before selling client fixed income investments. BAM will execute client sales with broker-dealer providing the best bid.

BAM clients have access to BSI's clearing broker dealer, Pershing LLC, as custodian or prime broker for their investments. Clients must qualify to participate in prime brokerage transactions through Pershing, LLC. To qualify, clients must maintain a minimum portfolio value of \$150,000 or more and sign the appropriate prime brokerage paperwork with the custodian.

Clients are permitted to establish a securities account with one or more clearing brokers or custody banks that BAM has a business relationship with at the time of the engagement. BAM will also consider other, client directed, custody relationships based upon the capabilities of the requested custodian. (Minimum account requirements may vary at other custodians.

BAM does not have any soft dollar arrangements.

BAM will aggregate client orders to achieve the most favorable execution when possible. In addition, BAM will block multiple client accounts together that qualify for prime brokerage trading activity when possible. In such cases, participating clients will receive the average execution price and their pro rata share of transaction costs.

For discretionary orders BAM may aggregate orders of more than one client if it is determined that aggregation is in the clients' best interests. Trade aggregation is usually sought to obtain lower commissions and costs or a better transaction price. BAM does not aggregate securities transactions for client accounts unless it believes that aggregation is consistent with its duty to seek best execution and is consistent with the investment objectives and guidelines for the client accounts participating in the trade. When orders are aggregated, the price paid by each account is the average price of the order. Transaction costs are allocated to each client on a pro rata basis based upon the ratio of the amount of particular issue of securities allocated to the account to the overall amount of that issue purchased. BAM's policy fairly allocates client trades and does not favor one group of similarly-situated clients over another.

For non-discretionary orders BAM will not aggregate orders as it is required to obtain client approval prior to execution. If client enters into a non-discretionary arrangement with BAM, BAM may not be able to buy and sell the same security at the same price or at the same time for the client and the client may pay higher commissions, fees, and/or transaction costs than discretionary clients. BAM enter non-discretionary account trades concurrent with client authorization.

In non-discretionary situations BAM will use an allocation method that BAM believes to be fair.

Item 13 Review of Accounts

All accounts are reviewed as BAM deems appropriate and no less than annually. Portfolios are reviewed for accuracy, conformance to client parameters, and performance relative to appropriate benchmarks. Trigger factors that influence a review include: credit upgrades and downgrades, significant market events as viewed by the portfolio manager, buying and selling opportunities, maturity of fixed-income assets, increased cash balance, and outperformance or underperformance versus a comparative benchmark. Reviews are performed by one of BAM's Portfolio Managers assisted by Investment Specialists and support staff.

Clients receive a portfolio appraisal and performance report shortly after the end of each calendar quarter. This report details the portfolio holdings, fixed income statistics, projected income, and performance returns. In addition clients also receive statements and trade confirmations as provided by the account's custodian.

Item 14 Client Referrals and Other Compensation

BAM has a solicitor agreement with Alley Investment Management Company, LLC ("Alley Company"). In this agreement with Alley Company, a portion of BAM management fee, from accounts introduced by Alley Company, is remitted to Alley Company as compensation for the referral. This agreement in no way increases the fee charged to BAM client.

BAM has a solicitor agreement with SMArtX Advisory Solutions, LLC ("SMArtX"). In this agreement with SMArtX, a portion of BAM management fee, from accounts introduced by SMArtX, is remitted to SMArtX as an annual asset-based maintenance fee. This agreement in no way increases the fee charged to BAM client.

BAM does not accept anything of substantive economic benefit from unrelated parties for providing investment advice or other services to clients. BAM does not accept or provide prizes or sales awards to any employees or representatives.

Item 15 Custody

BAM acknowledges having custody due to the firm's ability to instruct the custodian to deduct advisory fees directly from the client account. BAM does not act as custodian of client funds. Client will receive account statements and trade confirmations directly from the account custodian. These documents are the only documents that should be relied upon for tax filing and portfolio valuation purposes and are solely the responsibility of the custodian. Clients are urged to compare the portfolio appraisal and performance report sent by BAM with the reports provided by the custodian. Discrepancies should be brought BAM's attention immediately.

BAM has custody by allowing clients to request a standing letter of instruction or other similar asset transfer authorization arrangement (hereafter "SLOA"). These instructions allow the client to authorize the custodian to transfer or otherwise disburse assets to a third party upon receipt of notice from the client. BAM is exempt from the surprise examination requirement by following the requirements as defined in its compliance manual.

Item 16 Investment Discretion

BAM will accept investment discretion over a client's managed portfolio. Discretion is granted to BAM by execution of a management agreement. This discretion is limited to decisions regarding what assets shall be bought, sold, retained, exchanged, or converted.

BAM does accept limited restrictions on this discretion pertaining to investment geography, the client's cash balance or specific holdings or a particular client request.

Item 17 Voting Client Securities

BAM does not accept authorization to vote proxy ballots for securities in client portfolios. Proxy ballots and solicitations are sent to client by the account custodian and are the responsibility of the client to complete. However, BAM will provide information to assist with questions concerning a proxy ballot should the client make such a request.

Item 18 Financial Information

Not applicable.

Item 19 Privacy Policy

One of BAM's primary goals is to protect client privacy. To conduct regular business, BAM may collect nonpublic information from sources such as:

- Information reported by you on applications or other forms provided by us
- Information about your transactions with us, or affiliates, or others
- Information we receive as part of a consumer report

BAM does not share or disclose any nonpublic personal information about its current or former clients, except as required by law enforcement, regulatory, or auditing organizations. All information will remain confidential.

BAM will internally safeguard client nonpublic personal information by restricting access to only those employees who provide products or services, or those who need access to this information to service client accounts. In addition, BAM will maintain physical, electronic, and procedural safeguards that meet federal and/or state standards to guard nonpublic personal information.