

# Asset Dedication, LLC

(A Registered Investment Adviser)

Disclosure Brochure

March 11, 2020



This brochure provides information about the investment advisory business and employee backgrounds of Asset Dedication, LLC. If you have any questions about the contents of this brochure, please contact Brent Burns at (866) 535-0897. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Additional information about Asset Dedication can be found on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov), or by searching for “Asset Dedication, LLC”, or the Firm’s CRD number, which is 151988.

Registration as an investment advisor does not imply a certain level of skill or training.

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Item 2 – Material Changes

Annual Update

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

Material Changes since the Last Update

There has been no material change since the firm's last update of March 14, 2019.

Full Brochure Available

Whenever you would like to receive a complete copy of our Firm Brochure, please contact Brent Burns at (866) 535-0897. Asset Dedication may provide additional disclosure information when deemed material.

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## Item 4 – Advisory Business

### Description of Advisory Firm

Asset Dedication, LLC (Asset Dedication) is an investment advisor registered with the United States Securities and Exchange Commission (“SEC”) and is a Limited Liability Company formed under the laws of the State of Delaware. Headquartered in San Francisco, California, Asset Dedication was founded by Steve Huxley and Brent Burns, and has been registered as an investment advisor since 2002. The Firm is owned and operated by Steve Huxley, Chief Investment Strategist (31.7% owner); Brent Burns, President and Chief Compliance Officer (31.7% owner); Jeremy Fletcher (18.3% owner); and Dan Yeoman (18.3% owner).

### Description of Advisory Services

Asset Dedication offers investment management and financial planning services (“Financial Planning”) using the Asset Dedication® strategy. The Asset Dedication® strategy seeks to achieve a client’s long-term goals by synchronizing equity securities with investment-grade fixed income securities that match the client’s cash flow needs.

Asset Dedication provides sub-advisory investment management services to clients of unaffiliated investment advisors (“Unaffiliated Advisors”) who have contractually engaged with Asset Dedication. Asset Dedication also provides advisory investment management and financial planning services through Investment Advisor Representatives of Asset Dedication, (“Affiliated Advisors”). Unaffiliated Advisors and Affiliated Advisors may be referred to collectively in this document as Advisors (“Advisors”). Asset Dedication only provides Financial Planning services when a client is working with an Affiliated Advisor.

Clients who engage in Asset Dedication’s services can work with an Advisor who will provide financial planning services specific to the client. Financial Planning can be described as helping individuals determine and set their long-term financial goals, through investments, tax planning, asset allocation, risk management, retirement and estate planning, and other areas.

### Working with Asset Dedication

The following process is applicable to Asset Dedication's management of client assets:

1. Investment Advisory Agreement – Prior to Asset Dedication providing investment management services, the end-client and/or the Advisor will be required to enter into a formal agreement with Asset Dedication, setting forth the terms and conditions under which assets will be managed. The investment advisory agreement may authorize the broker-dealer/custodian to debit the account for the amount of Asset Dedication’s investment management fee and to directly remit that management fee to Asset Dedication;
2. Custodial (Separate Account) Agreement – Prior to Asset Dedication providing investment management services, the end-client will be required to enter into a separate account custodial/clearing agreement with the broker-dealer/custodian (“custodian agreement”) in order for the broker-dealer/custodian to custody the client’s account assets. The custodian agreement may authorize the broker-dealer/custodian to debit the account for the amount of Asset Dedication’s investment management fee and to directly remit that management fee to Asset Dedication;

3. Financial Planning – Before having Asset Dedication manage an account for a client, the client’s Advisor will obtain information sufficient to determine the client’s financial situation and investment objectives;
4. Portfolio Based on Client’s Plan – The Advisor will direct Asset Dedication to implement a portfolio strategy that they determine is the best fit for the client’s financial plan;
5. No Verification of Information - In performing its services, Asset Dedication is not required to verify any information (such as investment objectives and limitations) received from the client, their Advisor, or other professionals; and Asset Dedication is authorized to rely on the information provided;
6. Annual Contact with Advisor - At least annually, the client’s Advisor, shall contact the client to evaluate whether the client’s financial situation or investment objectives have changed, or if they want to modify or impose any reasonable restrictions on the management of the client’s account(s);
7. Consultation Available - Asset Dedication and the client’s Advisor shall be reasonably available to consult with the client relative to the status of their account(s);
8. Changes to Financial Situation - It is the client’s and/or their Advisor’s responsibility to advise Asset Dedication when the client’s financial situation or investment objectives have changed;
9. Quarterly Statement from Custodian – The client shall be provided with a statement, at least quarterly, that is prepared by the custodian and directly delivered from the custodian. That statement shall contain a description of all trade activity in the client’s account(s) during the preceding period;
10. Termination -- The investment advisory agreement between Asset Dedication and the client and/or Advisor will continue in effect unless terminated by either party by written notice in accordance with the terms and conditions of the investment advisory agreement. Any investment management fee shall be prorated through the date of termination.

## Types of Investments

Asset Dedication provides investment strategies using the following types of securities:

- U.S. government and agency bonds, including inflation-indexed bonds
- Investment-grade municipal bonds
- Investment-grade corporate bonds
- Equity securities (i.e. stocks)
- Exchange traded funds (ETFs)
- Mutual fund shares
- Certificates of deposit
- Money market mutual fund shares for cash equivalent positions

We generally do not provide advice on warrants, commercial paper, variable life insurance, variable annuities, options contracts on securities or commodities (other than index-based mutual fund), futures contracts on tangibles or intangibles, or interests in partnerships investing in real estate, oil and gas interests or hedge funds and other types of private (i.e. non-registered) securities.

## Client Assets Managed by Asset Dedication, LLC

The amount of client assets managed by Asset Dedication totaled \$1,235,044,177 as of January 31, 2020, all assets being managed on a discretionary basis.

## Item 5 – Fees and Compensation

### Fee Schedule

Asset Dedication charges clients an investment management fee based upon a percentage of the market value of the assets being managed by Asset Dedication. The annual investment management fee rate charged will vary depending upon the market value of assets under management and the specific type of investment management services and strategy selected.

- For clients of Unaffiliated Advisors that do not have us manage the custodial paperwork process, the maximum investment management fee is 0.35%.
- For clients of Unaffiliated Advisors that have us manage the custodial paperwork process, the maximum investment management fee is 0.45%.
- For clients of Affiliated Advisors, the maximum fee schedule is 1.85% of assets under management. Affiliated Advisors may charge clients additional flat fees for financial planning and other services in addition to or in lieu of the investment management fee.

Investment management fees are negotiable, subject to volume discounts, and may be modified on a case-by-case basis.

Fees are usually payable at the beginning of each quarter, commonly referred to as in advance, and deducted directly from the client's account. As an accommodation, Asset Dedication may bill the client's account at the end of the quarter, commonly referred to as in arrears, if that is the agreement with the client's Advisor.

Asset Dedication uses the value of each account on the first day of the quarter to calculate the quarterly fee. Fees for the initial quarter are pro-rated based upon the number of days that services are provided.

The client's Advisor may charge investment management fees that are different from other Advisors that use the services of Asset Dedication. Variations in Advisor compensation may be due to the level of services the Advisor provides to the client. Such arrangements, and the terms and conditions thereof, are determined between the client and their Advisor.

### Payment of Fees

Asset Dedication is responsible for the calculation of its portion of the management fees it charges. Management fees are paid via one of the following three ways:

1. Asset Dedication bills the client's account(s) for its management fees, and the payment is debited from the client's account(s) by the custodian, and then sent to Asset Dedication by the custodian.
2. Asset Dedication bills the client's account(s) for its management fees, as well as the Advisor's fees, and the payment is debited from the client's account(s) by the custodian, and then sent to Asset Dedication by the custodian. Asset Dedication then sends the Advisor's portion of the management fees to the Advisor.
3. The client's Advisor bills the client's account(s) or invoices the client for its management fees, as well as Asset Dedication's fees. The Advisor then send Asset Dedication's portion of the management fees to Asset Dedication.

## Other Costs of Investing

- In addition to Asset Dedication's investment management fee, each client's Advisor charges advisory or other related fees.
- Clients with assets held in mutual fund shares and exchange traded funds (ETFs) will be charged expenses that include mutual fund management fees and potential other fund expenses.
- Clients are charged by their account custodian for transactions in their account(s). These charges may come in the form of commissions, mark-ups, and redemption fees. Clients may also be charged fees and expenses for certain types of accounts, such as IRA and other qualified retirement plan fees.
- Asset Dedication does not receive any portion of the brokerage commissions or transaction fees charged, or any of the fees assessed by the third parties listed above.

## Item 6 – Performance-based Fees

Asset Dedication does not charge or accept performance-based fees. For example, Asset Dedication does not share in capital gains or capital appreciation of the assets held within a client's account(s).

## Item 7 – Types of Clients

Asset Dedication services the following types of clients:

- Individuals
- Trusts, Estates or Charitable Organizations
- Small Institutions

Affiliated Advisors may have minimum asset size requirements in order to service accounts.

## Item 8 – Methods of Analysis and Investment Strategies

Asset Dedication utilizes the Asset Dedication® approach as explained in the book "Asset Dedication" (McGraw Hill, 2005) written by Stephen Huxley and Brent Burns, Asset Dedication's Chief Investment Strategist and President/Chief Compliance Officer, respectively. This approach is based on the principle of cash-matching a client's income needs using fixed income securities.

Asset Dedication primarily uses an asset class-based approach to investment analysis. Asset class-based analysis is a method of evaluating assets based on their type (stocks, bonds, commodities, REITs), and other risk factors including size (market capitalization) and style (value or growth). In other words, portfolios are constructed based on the long-term expected return characteristics of the underlying asset class. Each asset class is designed to be broadly diversified to reduce risks associated with individual issues. Asset classes are over or underweighted relative to the broad market to adjust the long-term return characteristics of the portfolio.

Our investment approach is long-term in nature which means clients should expect to hold a portfolio of securities over a number of years that is based on the client's long-term investment plans.

## Risks of Investing

Clients must understand that past performance is not indicative of future results. Therefore, current and prospective clients should not assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds) involves the

risk of loss. Further, depending on the different types of investments, there may be varying degrees of risk. Clients and prospective clients should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, Asset Dedication does not represent, guarantee, or imply that its services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated when investing in securities that include:

**Market and Liquidity Risks.** Where the portfolio needs to be liquidated at a point when interest rates have risen, causing prices to fall for the bond portion of the portfolio, or prices have fallen for the stock portion of the portfolio. In addition, stocks, bonds, and ETFs may have a wide (bid-ask) spread between the current price at which the sellers are willing to sell the security and the price at which buyers are willing to buy the security.

**Planning Risk.** Where the actual cash flows needed by the client exceed the cash flows planned in the portfolio, which can lead to unsustainable withdrawal rates and may expose the portfolio to market risk as described above

**Fixed Income Risks.** When investing in bonds, there is the risk that issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors often receive set, regular payments that face the same inflation risk.

**Interest Rate Risk.** Although the Asset Dedication Income Portfolio is designed to hold individual bonds to maturity, if clients need to sell individual bond holdings before maturity and interest rates have risen, the bonds will likely lose value.

**Equity (Stock) Market Risks.** Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater price volatility than if you held preferred stocks and debt obligations of the issuer.

**Individual Company Risks.** When investing in stock and bond positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.

**ETF and Mutual Fund Risks.** Owning Exchanged Traded Funds (ETFs) or mutual funds generally reflects the risks of owning the underlying securities holdings in the ETFs or mutual funds. When investing in ETFs or mutual funds, clients incurs expenses based on the pro rata share of the ETFs' or mutual funds' operating expense and may also incur brokerage costs.

**Management Risk of Investment Advisor.** An investment varies with the success and failure of the Investment Advisor's investment strategies, research, analysis and determination of portfolio securities. If

the investment strategies do not produce the expected returns, the value of the investment will decrease or lag an appropriate investment benchmark.

## Item 9 – Disciplinary Information

There are no legal or disciplinary events that are material to the Firm or its employees.

## Item 10 – Industry Activities and Affiliations

Asset Dedication is an independent investment advisory firm and only provides investment advisory services. The Firm is not engaged in any other business activities and offers no other services than those described in this Disclosure Brochure.

When requested, Asset Dedication may refer clients to Advisors for financial planning or other investment related services. Asset Dedication does not receive any compensation for these referrals from Advisors.

Asset Dedication is not and does not have a related company that is a (1) broker/dealer, municipal securities dealer, government securities dealer or broker, (2) investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund), (3) other investment adviser or financial planner, (4) futures commission merchant, commodity pool operator, or commodity trading advisor, (5) banking or thrift institution, (6) accountant or accounting firm, (7) pension consultant, (8) real estate broker or dealer, (9) sponsor or syndicator of limited partnerships, (10) insurance company, or (11) law firm.

## Item 11 – Code of Ethics

Asset Dedication has established a Code of Ethics that apply to all of its associated persons. An investment adviser is a fiduciary that has a responsibility to all clients to provide fair and full disclosure of all material facts and to act solely in the best interests of its clients at all times. This fiduciary duty is considered the core underlying principle for the Code of Ethics which also covers Insider Trading and Personal Securities Transactions Policies and Procedures. Asset Dedication requires its associated persons to conduct business in an honest, ethical and fair manner that is consistent with high levels of ethical standards, and with applicable federal and state securities laws. Asset Dedication or its representatives may buy or sell securities that are also recommended to clients, which creates a conflict of interest; however, Asset Dedication has a personal securities transaction policy in place that mitigates the conflict. Asset Dedication has the responsibility to make sure that the interests of its clients are placed ahead of the Firm and its associated persons’ interests. Asset Dedication strives to avoid circumstances that might affect the duty of loyalty to clients. If a client wishes to review the Firm’s Code of Ethics, a copy will be provided upon request.

### Participation or Interest in Client Transactions

An officer of Asset Dedication is affiliated with an employee union of a non-profit institution. The institution has entered into a client relationship with Asset Dedication.

## Item 12 – Brokerage Practices

Clients who wish to work with Asset Dedication can select a broker/dealer that has a business relationship with Asset Dedication. Generally, clients will select a broker/dealer to custody their accounts based on a conversation with their Advisor.

Asset Dedication seeks the best execution possible for our clients’ accounts, given all available facts and

circumstances. While quality of execution at the best price is an important determinant, best execution does not necessarily mean lowest price and it is not the sole consideration. Therefore, we cannot promise or guarantee that we will obtain the lowest trading prices available in the market at the time of the transaction. Clients and Advisors who direct the use of a particular broker/dealer may receive less favorable prices than would otherwise be the case if clients had not designated a particular broker/dealer. When appropriate Asset Dedication makes effort to place clients' trades at or about the same time. However, trades with any one broker/dealer may be placed before or after trades that are placed with other broker/dealers.

While Asset Dedication attempts to be flexible with the broker/dealers selected by the client, the broker/dealer's trading platform needs to be able to integrate into Asset Dedication's operational, trading and compliance systems. The trading process of any broker/dealer used must be efficient, seamless, and straightforward. To that end, Asset Dedication may suggest which broker/dealers' systems are easily integrated with our systems. Overall custodial support services, trade correction services, and statement preparation are some of the other factors to be considered when selecting a broker/dealer.

Asset Dedication utilizes the services of institutional trading and custody platforms, including:

- Schwab Institutional for which Charles Schwab & Company, Inc. serves as the broker/dealer and qualified custodian;
- TD Ameritrade Institutional for which TD Ameritrade serves as the broker/dealer and qualified custodian; and
- Fidelity Investments Wealth Management for which National Financial Services, LLC serves as broker/dealer and qualified custodian.

Asset Dedication is not affiliated with any broker/dealer or other custodian. Custodian platforms allow Asset Dedication access to institutional trading, custody services, research and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment. Custodian services generally are available to independent investment advisors at no charge to them so long as a minimum threshold of the Asset Dedication's clients' assets are maintained in accounts through the platform and are not otherwise contingent upon Asset Dedication committing to the provider any specific amount of business (i.e. trading).

The custodians that have a business relationship with Asset Dedication do not charge separately for custody services for our clients for whom the Custodians have custody. Rather, the Custodians are compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through the respective broker/dealer or that settle into the broker/dealer's accounts.

The Custodians also make available to Asset Dedication, other products and services that benefit Asset Dedication, but may not benefit clients. Some of these other products and services assist us in managing and administering Client accounts. These include software and other technology that provide access to Client account data (such as trade confirmation and account statements); facilitate trade execution; provide research, pricing information and other market data; facilitate payment of our fees from our clients' accounts; and assist with back-office functions, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of our accounts, including accounts not maintained at the particular broker/dealer. Custodians also make available other services intended to help Asset Dedication manage and further develop our business. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. Receipt of these services and benefits may create an incentive for us to recommend broker/dealers based on those services and benefits. Asset Dedication does not receive referrals from any broker/dealer.

Asset Dedication has implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with our fiduciary duty, it is our policy to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client will be responsible for any loss resulting from the correction. In situations where the client did not cause the trade error, the client will be made whole and any loss resulting from the trade error will be absorbed by Asset Dedication if the error was caused by the Firm. If the error is caused by the broker/dealer or an Unaffiliated Advisor, the broker/dealer or Unaffiliated Advisor be responsible for covering the costs of the error. Depending on the specific circumstances of the trade error, the client may not be able to receive any resulting gains as it may not be permissible for clients to retain the gain. Asset Dedication may confer with clients or the Advisor to determine if the client should forego any gain (e.g., due to tax reasons). Asset Dedication shall not profit from trade errors.

## Aggregation of Client Orders – Block Trading Policy

Transactions implemented for client accounts are generally executed independently, unless the Firm decides to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading, or block trading and is used by the Firm when it believes such action may prove advantageous to clients. When we aggregate client orders, the allocation of securities among client accounts will be done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates, to allocate orders among clients on an equitable basis, and to avoid differences in prices and transaction costs that might be obtained if orders were placed independently. Under this process, transactions are averaged as to price and will be allocated among the Firm's clients in proportion to the purchase and sale orders placed for each client account on any given day. Asset Dedication does not receive any additional compensation as a result of aggregation.

## Item 13 – Account Reviews

Accounts are reviewed on an on-going basis to ensure that accounts are managed in a manner that is consistent with the client's investment policy statement and other conditions that are specified by the client's Advisor. Reviews are performed under the direction of the management of the Firm.

## Statements and Reports

Client accounts are maintained by third-party custodians who provide clients with monthly or at least quarterly account statements.

Asset Dedication uses performance reporting services provided by Tamarac, a third-party information provider ("Information Provider"). If requested by the client or Advisor, Asset Dedication will provide an electronic performance report for the client's account(s).

Asset Dedication does not guarantee or certify the accuracy, completeness, timeliness or correct sequencing of the information made available through Information Providers. All such Information is provided as-is and as-available.

## Item 14 – Client Referrals

Asset Dedication has business relationships with Advisors that refer or recommend Asset Dedication® investment management services to their clients. At the time of introducing Asset Dedication to a client, the Advisor discloses the business relationship between Asset Dedication and the Advisor, and provides each prospective client with a copy of this Disclosure Brochure. The Advisor maintains the direct client relationship and serves as a communication conduit between Asset Dedication and the underlying client. Asset Dedication will rarely, if ever, have direct communications with the underlying Client of an Advisor.

Asset Dedication reports the use of solicitors as to two investment adviser representatives of an Unaffiliated Advisor located in North Carolina whose firm shares in the client's advisory fee along with Asset Dedication.

According to the North Carolina Securities Division, the fee sharing arrangement between this Unaffiliated Advisor and Asset Dedication results in a solicitor relationship under the North Carolina Securities Act for these clients. Clients of this Unaffiliated Advisor receive the required solicitor disclosures, along with Asset Dedication's Brochure, no later than at the time the referral is made to the Client for Asset Dedication's investment management services.

From time to time, we may refer potential clients (such as someone who read Asset Dedication's book) to Advisors. The expectation is that the Advisors may consider that the prospective clients use the services of Asset Dedication. Asset Dedication does not receive a referral fee for referring clients to Advisors.

## Other Compensation

Please see the section entitled Item 10 – Industry Activities and Affiliations for a description of the compensation that independent Insurance Agents may receive.

## Item 15 – Custody

Except as to the authority to deduct its fees from client accounts and the authority to transfer money from accounts subject to Standing Letters of Authorization (SLOAs) the Firm does not maintain custody of a client's cash or securities. With respect to the custody conferred by SLOAs, the Firm follows the safeguards specified by the SEC that exempts them from an annual audit.

With respect to the custody conferred as a result of the Firm's authorization to directly deduct its' fee, the Firm will:

- Possess written authorization from the client to deduct advisory fees from an account held by a qualified custodian.
- Send the qualified custodian written notice of the amount of the fee to be deducted from the client's account and verify that the qualified custodian sends invoices to the client.
- Send the client a written invoice itemizing the fee upon or prior to fee deduction, including the formula used to calculate the fee, the time period covered by the fee and the amount of assets under management on which the fee was based.

Client's funds and securities will be held at custodial broker/dealers (the "Custodian"), who will send monthly or quarterly account statements directly to the client. Clients should carefully review those statements. In the event that Asset Dedication sends reports to the client, the client should compare the information contained in Asset Dedication's reports against account statements received from the custodian. When clients have questions about their account statements, they should contact Asset Dedication and/or the Custodian.

## Item 16 – Investment Discretion

When Asset Dedication is given discretion, Asset Dedication implements trades on a discretionary basis, which means Asset Dedication will have the authority to determine the type of securities and the amount of securities that can be bought or sold for the client's portfolio without obtaining the client's consent for each transaction.

## Item 17 – Voting Client Securities

Asset Dedication does not accept authority to vote client securities. Affiliated Advisors do not vote on behalf of the client on voting proxies for securities held in client's accounts. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by clients shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings

or other type events pertaining to client's investment assets. Clients will receive their voting proxies or other solicitations directly from the custodian, unless otherwise directed by the clients.

For accounts managed by an Unaffiliated Advisor, the proxy voting is dictated by the Advisor, as outlined in their ADV. If a client has questions on any particular proxy or solicitation, they should contact their Advisor.

## Item 18 – Financial Information

Asset Dedication does not require or solicit prepayment of fees of \$1,200 or more six months or more in advance.

Asset Dedication is not subject to any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. The Firm has not been the subject of a bankruptcy petition.