



2796 NW Clearwater Dr.  
Bend, Oregon 97703

(541) 382-4847

[www.ascentbend.com](http://www.ascentbend.com)

July 24, 2019

This Brochure provides information about the qualifications and business practices of Ascent Capital Management, LLC. If you have any questions about the contents of this Brochure, you may contact us at (541) 382-4847, or email [devin@ascentcap.com](mailto:devin@ascentcap.com) or [scott@ascentcap.com](mailto:scott@ascentcap.com) to obtain answers and additional information. Ascent Capital Management, LLC is a registered investment advisor with the Securities and Exchange Commission. Registration of an investment adviser does not imply any level of skill or training. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC).

Additional information about Ascent Capital Management, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 – Material Changes

### Summary of Material Changes Form ADV Part 2A – Firm Brochure

---

Revision dated July [24], 2019.

The following is a summary of material changes that were made to the Ascent Capital Management, LLC Investment Adviser Firm Brochure (Form ADV Part 2A) in the most recent revision dated July [24], 2019. Full details are outlined in the Firm Brochure, which is available upon request. Currently, our Brochure may be requested by contacting Devin Harrigan or Scott Agnew at (541) 382-4847, or by email to [devin@ascentcap.com](mailto:devin@ascentcap.com) or [scott@ascentcap.com](mailto:scott@ascentcap.com).

The following material changes have occurred since the last update of our firm brochure, which was dated March [19], 2019:

- We have updated the amounts of assets under the Firm's management as of July 24, 2019 to reflect a total of \$222,443,837.
- We amended Schedule A of the Investment Advisory Agreement which sets out the quarterly advisory fees charged on client accounts.
- Candace Fronk has retired and is no longer an owner or adviser with Ascent Capital Management, LLC.

**Item 3 – Table of Contents**

	<u>Page</u>
Item 1	Cover Page.....i
Item 2	Material Changes.....ii
Item 3	Table of Contents ..... iii
Item 4	Advisory Business..... 1
Item 5	Fees and Compensation..... 2
Item 6	Performance-based Fees and Side-by-Side Management ..... 4
Item 7	Types of clients ..... 4
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss ..... 4
Item 9	Disciplinary Information ..... 10
Item 10	Other Financial Industry Activities and Affiliations ..... 11
Item 11	Code of Ethics, Participation or Interest in client Transactions and Personal Trading..... 11
Item 12	Brokerage Practices ..... 12
Item 13	Review of Accounts ..... 12
Item 14	Client Referrals and Other Compensation ..... 13
Item 15	Custody ..... 13
Item 16	Investment Discretion ..... 14
Item 17	Voting client Securities ..... 14
Item 18	Financial Information ..... 14

#### Item 4 – Advisory Business

- A** Ascent Capital Management, LLC (“Ascent” “we” “us” and “Advisor”) is an Oregon limited liability company registered as an investment advisor with the Securities and Exchange Commission. Our principal place of business is located in Bend, Oregon. Ascent Capital Management, LLC was founded in 2001 and its owners are Wesley B. Price, CPA and Scott Agnew. All members of Ascent and Devin Harrigan, Certified Financial Planner<sup>®</sup>, are registered investment representatives of Ascent, and serve on Ascent’s Investment Committee, which directs Ascent’s investment policy and strategy.
- B, C** Ascent Capital Management is an independent investment advisory firm. Our founding partners are successful CPAs as well as investment advisors. We are a fee-only firm with fees based on a percentage of assets under management or a flat fee. Our financial planning fees are charged hourly or by the project. We sell no products and collect no commissions or rebates.

Our firm is distinguished by the extensive financial and investment expertise of our partners. Our advisory services include advice on complex financial matters such as:

- preparing for a successful retirement
- tax minimization alternatives
- concentrated stock strategies
- estate planning
- philanthropic guidance
- portfolio management
- wealth management
- succession planning

#### INVESTMENT ADVISORY AND FINANCIAL PLANNING SERVICES:

Ascent’s advisory process begins with comprehensive financial planning designed to assist clients in defining personal financial goals and objectives in the areas of retirement planning, business and succession planning, children’s education, risk management, estate and tax planning. The financial plan is followed by careful analysis and recommendations as to what financial actions and investment strategies are necessary to attain these goals and objectives.

Portfolios are structured on the core principle of diversification, exploring all major asset classes and utilizing both traditional and alternative investments. Ascent does not receive commissions, rebates or incentives from any investment products. This independence allows us to choose from the universe of available investment vehicles to manage a diversified portfolio.

The economic landscape is not static, neither are our portfolios, we constantly monitor economic and market conditions, looking for both areas of opportunity and excessive risk, adjusting the portfolios accordingly. Investment vehicles and managers are reviewed on an ongoing basis against their respective peer groups in both performance and risk, as well as for qualitative factors such as firm structure, consistency of portfolio managers, and fees.

Ascent provides comprehensive quarterly performance reports, which allow clients to monitor their portfolios progress against market benchmarks and over multiple time periods. Financial plans are reviewed as needed and compared against performance reports to ensure objectives and goals are being achieved.

On a limited basis we provide consultation services to select clients regarding non-traditional or alternative assets, including privately traded securities and limited partnerships. Included in these services are due diligence and assistance in locating a custodian to hold the asset(s) and review of the investment's structure to ensure the format is such that the asset can be held by an appropriate custodian.

We may from time-to-time enter into sub-advisory agreements with other registered investment advisers for the benefit of specific clients. We currently have a sub-advisory agreement with SNW Asset Management, LLC ("SNW"), an investment adviser registered with the SEC. Our clients whose assets are managed by SNW receive SNW's Form ADV Part 2A and 2B. SNW manages "all fixed income" separate accounts for some of our clients, who are charged separately for SNW's services in addition to our advisory fees, although the combined fee is not higher than our advisory fees charged to other clients.

- D** We do not participate in any wrap-fee programs.
- E** We manage \$222,443,837 of client assets on a discretionary basis. These amounts were calculated as of July 24, 2019.

#### **Item 5 – Fees and Compensation**

- A** We are a fee-only advisory firm, meaning we are compensated only by our clients and do not receive compensation or commissions from any other parties. We believe this method of compensation minimizes conflicts of interest.

For accounts managed under the Investment Advisory Agreement, clients pay a Fee quarterly in advance, calculated in accordance with fees set-forth in "Schedule A" of the Investment Advisory Agreement ("IAA"). The Fee will be equal to the respective percentage per annum below based on the market value of the Account on the last trading day of the previous quarter. We reserve the right to amend the fees set forth in Schedule A of the IAA upon 30-days prior written notice to each client.

STANDARD FEE SCHEDULE

**Schedule A**

<u><i>Model Portfolios</i></u>	<u><i>Annual Fee</i></u>
\$0 to \$500,000	1.25%
\$500,001 to \$1,000,000	1.00%
\$1,000,001 to \$2,000,000	.85%
\$2,000,001 to \$5,000,000	.75%
\$5,000,001 to \$10,000,000	.65%
\$10,000,001 to \$20,000,000	.50%
\$20,000,001 +	Negotiable
<u><i>Custom Fixed Income Portfolio</i></u>	<u><i>Annual Fee</i></u>
\$0 to \$10,000,000	.25%
\$10,000,001 to \$20,000,000	.20%
\$20,000,001 +	Negotiable

For purposes of determining value, securities, mutual funds, and other instruments traded on a market for which actual transaction prices are publicly reported shall be valued at the last reported sale price on the principal market in which they are traded.

For our Alternative Asset Consultation services, we enter into an Alternative Asset Consulting Agreement with each client when we begin our professional relationship. For these services we charge an initial flat fee of \$500.00 and an annual administrative fee of \$250.

Notwithstanding the above, fees are generally negotiable.

- B** Our fees for asset management and consulting services may be paid directly to us from the agreed upon client account by the custodian holding a client's assets upon submission of an invoice to the custodian showing the amount of fees. Payment of fees may result in the liquidation of client's securities if there is insufficient cash in the account. Clients bear the responsibility for verifying the accuracy of fee calculations. The amount of the fee deducted from the account is reflected on Ascent's quarterly performance reports and the client's monthly custodial statements.
- C** Clients may be required to pay a proportionate share of any mutual fund's fees and charges, brokerage commissions, stock transfer fees, and other similar charges incurred in connection with transactions for the account will be paid out of the assets in the account and are in addition to the investment management fees paid to us.
- D** The Investment Advisory Agreement may be terminated at any time by either party by written notice to the other party as set in the Investment Advisory Agreement. The market value of the assets will be construed to equal the sum of the values of all assets in the

account, adjusted by any margin debit. Fees for partial quarters at the commencement or termination of this Agreement will be billed or refunded on a pro-rated basis contingent on the number of days the account was open during the quarter. Quarterly fee adjustments for additional assets received into the account during a quarter or for partial withdrawals will also be provided on the above pro rata basis.

The Alternative Asset Consulting Agreement may be terminated at any time by either party by written notice to the other party as set in that Agreement. Refunds will be considered on a case by case basis at the request of a client.

- E** We are a fee-only investment advisory firm paid on a percentage of client assets managed. We accept no commissions, referral fees, soft dollars, or other hidden costs often associated with the money management industry.

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

We do not charge any performance-based fees for our services. Accordingly, this item is not applicable to our firm.

#### **Item 7 – Types of Clients**

We provide investment advice to the following types of clients:

- Individuals
- Corporations
- Pension and Profit Sharing Plans
- Trusts, Estates and Charitable Organizations

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

- A** We offer advice on investments primarily including (but not limited to) the following:

- Equity securities:
  - Exchange-listed securities
  - Securities traded over-the-counter
  - Foreign Issuers
- Warrants
- Corporate debt securities
- Commercial paper
- Certificates of deposit and money market funds
- Municipal securities
- Investment company securities:

- Mutual fund shares
- Exchange traded funds ("ETFs")
- United States government securities
- Interests in limited partnerships and alternative investments.
- Private real estate investment trusts and
- Unit trusts
- Federal Farm Credit Bonds and Federal Home Loan Bank Bonds

### Methods of Analysis

Our primary investment strategies used to implement investment advice given to clients includes long-term (securities held at least one year) and short-term purchases (securities sold within a year) purchases.

We research and analyze securities using fundamental and cyclical methods.

Fundamental analysis involves the review of companies' "fundamentals" (balance sheet, cash flow and income statements, etc.), as well as other factors that can affect the value and price of these companies' stock. Taking into account macro and micro economic climate and applicable industry conditions, we seek out companies that:

- have compelling business models
- have solid business fundamentals with potential for long-term enhancements
- operate in industries with future growth opportunities and present profitable operations
- have strong management team committed to increasing shareholder value
- have attractive valuations.

We also use a "cyclical" method to evaluate securities. This means we analyze statistics generated by market activity, such as past prices and volume. This method of analysis does not seek to measure a security's intrinsic value, but rather involves a review of charts and other information for purposes of identifying patterns that can suggest future activity.

The main sources of information we rely upon when researching and analyzing securities include financial newspapers and magazines; inspections of corporate activities; research materials prepared by others; on-site due diligence, annual reports, prospectuses, and filings with the Securities and Exchange Commission.

### **B** Risks Associated with Our Methods of Analysis

We will use our best judgment and good faith efforts in rendering services to our clients. However, we cannot warrant or guarantee any particular level of account performance, or that an account will be profitable over time.



Our judgment about the attractiveness, value and potential appreciation of an asset class or individual security may be incorrect. The value of an individual security can be more volatile than the market as a whole, or our approach may fail to produce the intended results. Our estimate of a security's intrinsic value may be wrong or, even if our estimate of intrinsic value is correct, it may take a long time before the price and intrinsic value converge. As a result, there is a risk of loss of the assets we manage that is out of our control. We seek to reduce risk through diversification, however, diversification will not protect from a down market.

Additionally, in performing our analysis, we may use commercially available information services and financial publications, research materials prepared by various broker-dealers and other research developed by other third-party providers. Our methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

Since not every investment decision or recommendation made by us will be profitable, clients assume all market risk involved in the investment of account assets under the Investment Advisory Agreement and understands that investment decisions made for this account are subject to various market, currency, economic, political and business risks.

The above language does not relieve Ascent from any responsibility or liability we may have under state or federal statutes such as the Advisers Act of 1940.

Except as may otherwise be provided by law, we are not liable to clients for:

- any loss that a client may suffer by reason of any investment decision made or other action taken or omitted in good faith by us with that degree of care, skill, prudence and diligence under the circumstances that a prudent person acting in a fiduciary capacity would use;
- any loss arising from our adherence to a client's instructions; or
- any act or failure to act by a custodian of a client's account.

It is the responsibility of each client to give us complete information and to notify us of any changes in financial circumstances or goals.

## **C** Investment Strategies and Process

We attempt to achieve our clients' financial goals by creating portfolios that invest in various types of assets following investment strategies described below. While each of our client portfolios is customized for the client's needs and preferences, each portfolio will follow one

of our general investment strategies based on the client's risk profile. We have created general investment strategies for six risk profiles: "All Fixed Income," "Risk-Averse," "Conservative," "Moderate," "Growth" and "Enhanced-Growth."

The strategy for each of the above risk profiles involves investing in a blend of asset types consisting, primarily, of mutual funds, ETFs, individual bonds, unit trusts and private REITs.

We invest in the ETFs and mutual funds that (a) hold the types of assets that best fit out client's risk profile and investment objectives and (b) diversify across many investment types to limit the specific risk of any individual investments. The investment types held by different ETFs and mutual funds include but are not limited to:

- large capitalization growth stocks ("Large Cap Equity")
- small or middle capitalization growth stocks ("Small Cap Equity")
- intermediate- and short-term fixed income ("Fixed Income")
- bonds (including corporate and high yield bonds)
- commodity
- emerging markets
- international stock
- managed futures
- private equity
- real estate
- specialty natural resources
- world stock and bonds

#### *Moderate, Growth, and Enhanced Growth*

When selecting ETFs and mutual funds for our Moderate, Growth, and Enhanced Growth portfolios, we seek funds that invest in Large Cap Equity, Small Cap Equity or private equity based on a traditional top-down assessment of the overall economy and a consideration of long- and short-term patterns and trends. We look for ETFs and mutual funds that research equities and invest in those companies that are likely to demonstrate revenue and earnings growth, have compelling business franchises, solid existing business fundamentals, potential for stock appreciation and solid management. The ETFs and mutual funds also make decisions on sector and industry weightings of equities, as well as individual stock selection based on an unbiased evaluation of sector, industry and stock strength. We rely on the funds to screen each equity's technical, fundamental and valuation metrics for the eligible, investable universe of stocks. Typically, this process employs three levels of screening:

1. The first level of screening determines the investment health of the economic sectors and industries. The screen will help to determine the sector weights of the portfolio and will

generate an initial list of attractive stocks. Factors such as earnings, revenue growth, profit margins and return on equity are considered.

2. The second level of screening takes into account subjective qualifications on the economic outlook for the individual sectors and industries.

3. The third level of screening pinpoints the optimal time to buy the stock based on technical and cyclical methods of analysis.

#### *All Fixed Income*

Our portfolios that fall in the "All Fixed Income" profile are designed to maximize income while preserving capital.

We believe the primary goal of successful fixed income investment management is maximizing portfolio yield without taking significant principal risk. That means we will not add risk by using portfolio leverage or derivatives. We invest "All Fixed Income" portfolios in individual fixed income securities as well as in ETFs and mutual funds that hold fixed income securities. These ETFs and mutual funds focus on two critical aspects to managing fixed income investments – duration and credit quality. These funds' fixed income investments have a high credit quality with varying duration.

#### *Other Portfolios*

Our "Moderate," "Risk Averse" and "Conservative" portfolios allocate a greater portion of assets to individual fixed income securities and ETFs and mutual funds that invest in fixed income and other securities considered less risky, such as corporate and government bonds, commercial paper and certificates of deposit. Our "Enhanced Growth" portfolios have a greater portion of assets in international and emerging market investment. Risks associated with each type of investment are described below.

#### Risks Associated with Our Investment Strategies

Mutual Funds and ETFs. As we primarily invest client assets in mutual funds and ETFs, these funds face risks based on the investments they hold. For example, a sector stock fund (which invests in a single industry, such as telecommunications) is at risk that its price will decline due to developments in its industry. Risks associated with the funds' underlying investments are described below.

The Large Cap Equity and Small Cap Equity investments face the following risks:

- General Equity Market Risk – Overall stock market risks may affect the value of investments in equity strategies. Factors such as U.S. economic growth and market conditions, interest rates, and political events affect the equity markets.
- Large Cap Equity – There is a risk that returns from large capitalization stocks will trail returns from the overall stock market. Large capitalization stocks tend to go through cycles of doing better, or worse, than the stock market in general.
- Small Cap Equity – Investments in smaller companies may be riskier than investments in larger, more established companies. The securities of these companies may trade less frequently and in smaller volumes than securities of larger companies. In addition, smaller companies may be more vulnerable to economic, market and industry changes. Because smaller companies may have limited product lines, markets or financial resources, or may depend on a few key employees, they may be more susceptible to particular economic events or competitive factors than large capitalization companies.

Core Fixed Income. Even though we invest only in ETFs and Mutual fund that hold fixed income securities that are investment grade or better, such securities face risks such as:

- Interest Rate Risk – Fixed income securities increase or decrease in value based on changes in interest rates. If rates increase, the value of fixed income securities generally declines. On the other hand, if rates fall, the value of the fixed income securities generally increases.
- Credit Risk – There is a risk that issuers and counterparties will not make interest and/or principal payments on the securities they issue or that their payments will not be made when due. In addition, the credit quality of securities may be lowered if an issuer's financial condition changes. Lower credit quality may lead to greater volatility in the price of a security, and that may affect liquidity and our ability to sell the security.
- Call Risk – There is a risk that falling interest rates will cause an issuer of fixed income securities to redeem (call) its high-yielding fixed income securities before their maturity date.
- Inflation Risk – The risk that the rate of price increases in the economy deteriorates the returns associated with the bond. This has the greatest effect on fixed bonds, which have a set interest rate from inception. For example, if an investor purchases a 5% fixed bond and then inflation rises to 10% a year, the bondholder will lose money on the investment because the purchasing power of the proceeds has been greatly diminished. The interest rates of variable rate or floating-rate bonds are adjusted periodically to match inflation rates or a specific interest rate index, limiting investors' exposure to inflation risk.

Real Estate Risks. Real estate investments carry risks such as:

- **General Real Estate Market Risk** – As recent events have shown, there is a risk that the real estate market will decline and that the properties held by REITs will depreciate or fail to produce income.
- **Valuation Risk** – Although professional appraisers conduct annual independent appraisals of the real estate held by the REITs, we cannot guaranty that their value analyses will be accurate. Moreover, a market value analysis merely attempts to estimate the value of real property at a given point in time, but subsequent events could adversely affect the value of the property.
- **Limited Geographic Diversification** – Income from real property owned by a REIT will likely be affected by economic conditions affecting real estate markets in that area. A regional recession or similar adverse economic change could negatively affect the profits of the REITs.

**International & Emerging Market Fund Risk.** Investments in international and emerging market companies may be riskier than investments in domestic companies. There is a risk that a particular country's currency could lose value relative to the dollar, decreasing the value of companies in that country. A potential for sovereign risk, that a country could be overthrown, also depressing the value of companies locates in that country. In addition, investments in international markets have the potential for less financial transparency, which can distort the fundamentals of a company.

## **Item 9 – Disciplinary Information**

We are required to disclose all material facts regarding any legal or disciplinary event that would be material to your evaluation of our firm, or the integrity of our management. We have no information to disclose applicable to this Item.

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

Ascent is engaged solely in providing investment management and advice. However, Wesley B. Price, CPA is a founding partner in the Bend Oregon based CPA firm of Price Fronk & Co., LLP. The performance of certified public accounting services by Wesley B. Price, CPA occupies the majority of his professional time on a day-to-day basis. Certain clients of our firm are also clients of Price Fronk & Co., LLP and vice versa.

## **Item 11 – Code of Ethics, Participation or Interest in Client Transaction & Personal Trading**

### **A**     CODE OF ETHICS

Ascent has a Code of Ethics which all employees are required to follow. The Code of Ethics outlines proper conduct related to all services provided to clients. Prompt reporting of internal violations is mandatory. Our chief compliance officer regularly evaluates employee performance to ensure compliance with the Code of Ethics. The chief compliance officer will maintain (a) a "restricted list" of securities (issued by companies about which a number of our employees are expected regularly to have material, non-public information) and (b) a "watch list" of securities (issued by companies about which a limited number of our employees possess material, non-public information). Employees are prohibited from personally, or on behalf of an advisory account, purchasing or selling securities during any period they are listed on a restricted list. The watch list will be disclosed only to a limited number of other persons who are deemed to be necessary recipients of the list because of their roles in compliance. The Chief Compliance Officer of the Advisor periodically, but not less frequently than quarterly, will review employee trades to verify compliance and detect insider trading.

A copy of the Code of Ethics is available to any client or prospective client upon request.

### **B-D**    PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Ascent or individuals associated with our firm may buy and sell some of the same securities for their own account that we buy and sell for our clients. In all instances where appropriate Ascent will purchase a security for all of its existing accounts for which the investment is appropriate before purchasing any of the securities for his own account and, likewise, when it determines that securities should be sold, where appropriate will cause these securities to be sold from all of its advisory accounts prior to permitting the selling of the securities from its accounts. In some cases Ascent may buy or sell securities for its own account for reasons not related to the strategies adopted by our clients.

When we are newly engaged by an investment advisory client for whom it expects to recommend securities in which Ascent or its principal hold a position, we will notify the new client of policies with respect to officers trading for their own account.

We may refrain from rendering any advice or services concerning securities of companies of which any of the Advisor's may have substantial economic interest, unless the Advisor either determines in good faith that it may appropriately do so without disclosing such conflict to client or discloses such conflict to the client prior to rendering such advice or services with respect to the account.

### **Item 12 – Brokerage Practices**

- A** Our clients' assets are held by independent third-party custodians. Except to the extent that a client directs otherwise, we may use our discretion in selecting or recommending the custodian. Clients are not obligated to effect transactions through any custodian or broker recommended by us. In recommending a broker we will comply with our fiduciary duty in accordance with the Securities Exchange Act of 1934, to obtain best execution and will take into account such relevant factors as the value of the research provided, the commission rates charged, the ability to negotiate commissions, the ability to maintain volume discounts, execution capability, financial responsibility and responsiveness to the Advisor.

Notwithstanding the above, if a client insists that we direct its trading to a particular broker or dealer, the client should be aware that it may lose out on certain benefits that would otherwise be obtained and it should be understood that we will not have authority to obtain volume discounts, lower commissions, or narrower spreads. Consequently, clients directing the use of a particular broker or dealer may not receive best execution.

- B** We are authorized in our discretion to aggregate purchases and sales and other transactions made for the account with purchases and sales and other transactions in the same or similar securities or instruments for our other clients. When transactions are so aggregated, the actual prices applicable to the aggregated transactions will be averaged, and the account will be deemed to have purchased or sold its proportionate share of the securities or instruments involved at the average price so obtained. We direct that confirmations of any transactions effected each client's account will be sent, in conformity with applicable law, to the client.

### **Item 13 – Review of Accounts**

- A** Scott Agnew, Wesley Price, and Devin Harrigan each oversee client accounts that are directly under their responsibility. Wesley Price will work directly with either Scott Agnew or Devin Harrigan to make sure that oversight is maintained on a daily basis. Factors reviewed daily include changes in fundamentals of the companies or entities issuing securities owned or

being considered for ownership as well as the prices of such securities, mutual fund analysis, and significant economic or industry developments.

Scott Agnew and Devin Harrigan review client accounts on a weekly basis to evaluate performance, current asset allocation, and current objectives.

Wesley Price, Scott Agnew, and Devin Harrigan also review client accounts on a quarterly basis to evaluate performance, current asset allocation, and current objectives.

- B** More frequent reviews may also be triggered by a change in client's investment objectives; tax considerations; large deposits or withdrawals; large sales or purchases; loss of confidence in corporate management; or, changes in macro-economic climate.
- C** Detailed reports of account holdings and performance and other information are provided to clients on a quarterly basis. Clients will receive monthly statements from the independent custodian holding their account.

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

We have no arrangements, written or oral, in which we compensate others or are compensated for client referrals.

#### **Item 15 – Custody**

Other than having the ability to deduct our fees from our client accounts, we do not have custody of the assets in the account and shall have no liability to clients for any loss or other harm to any property in the account, including any harm to any property in the account resulting from the insolvency of the custodian or any acts of the agents or employees of the custodian and whether or not the full amount or such loss is covered by the Securities Investor Protection Corporation (“SIPC”) or any other insurance which may be carried by the custodian. Clients understand that SIPC provides only limited protection for the loss of property held by a broker-dealer. Ascent's custodians recognize that many of our clients have accounts with balances in excess of the coverage provided by the SIPC. In order to ensure our clients with the most comprehensive coverage possible, our custodians offer supplemental coverage through highly rated insurers for additional protection. There is no per account dollar limit on coverage of securities through our custodians supplemental insurance.

#### **Item 16 – Investment Discretion**

Except as otherwise instructed, clients grant us ongoing and continuous discretionary authority to execute its investment recommendations in accordance with Advisor's Investment Profile used to establish each client's risk tolerance, objectives and suitability, without the client's prior approval of



each specific transaction. Under this discretionary authority, clients allow us to purchase and sell securities and instruments in their Account, arrange for delivery and payment in connection with the foregoing, select and retain sub-advisors, and act on behalf of the client in all matters necessary or incidental to the handling of the Account, including monitoring certain assets.

In some limited circumstances, clients may limit our authority to non-discretionary status requiring us to obtain their approval for each specific transaction prior to executing investment recommendations, as well as for the selection and retention of sub-advisors to their Account.

All transactions in a client's account are made in accordance with the directions and preferences provided to us by each client. Clients execute instructions regarding our trading authority as required by each custodian.

#### **Item 17 – Voting Client Securities**

Unless specifically directed otherwise in writing by a client, we are not authorized to receive and vote proxies on issues held in any client accounts.

#### **Item 18 – Financial Information**

- A** Ascent does not require prepayment of fees more than three months in advance for discretionary accounts. Alternative asset accounts are charged on an annual basis.
- B** As noted in Item 15 above, we do not have custody of client's funds or securities excepting the ability to deduct fees.
- C** We have no financial commitments which would impair our ability to meet the contractual and fiduciary commitments to our clients, and have not been the subject of any bankruptcy proceedings.