

# **Precedent Asset Management, LLC**

(doing business names)

## **Precedent Financial Strategies**

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**February 10, 2021**

**FORM ADV PART 2A  
BROCHURE**

This brochure provides information about the qualifications and business practices of Precedent Asset Management, LLC. If you have any questions about the contents of this brochure, contact us at 800-264-9908. 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 Precedent Asset Management, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Precedent Asset Management is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## **Item 2 Summary of 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.

No material changes have been made since our previous filing of this brochure.

From time to time, we may amend this Disclosure Brochure to reflect changes in our business practices, changes in regulations, and routine annual updates as required by the securities regulators. Either this complete Disclosure Brochure or a Summary of Material Changes shall be provided to each Client annually and if a material change occurs in the business practices of Precedent Asset Management.

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## Item 4 Advisory Business

### Description of Services and Fees

Precedent Asset Management, LLC, doing business as Precedent Financial Strategies, is a registered investment adviser based in Indianapolis, Indiana. We are organized as a limited liability company under the laws of the State of Indiana. We have been providing investment advisory services since 2013. Kenneth Klabunde is our principal owner. Currently, we offer the following investment advisory services, which are personalized to each individual client:

- Portfolio Management Services
- Financial Planning and Consulting Services
- Selection of Other Advisers
- Pension Consulting Services

The following paragraphs describe our services and fees. Please refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words "we", "our" and "us" refer to Precedent Asset Management, LLC and the words "you", "your" and "client" refer to you as either a client or prospective client of our firm. The use of these terms is not intended to imply that there is more than one individual associated with this firm.

### Portfolio Management Services

We offer discretionary and non-discretionary portfolio management services. Our investment advice is tailored to meet our clients' needs and investment objectives. If you retain our firm for portfolio management services, we will meet with you to determine your investment objectives, risk tolerance, and other relevant information at the beginning of our advisory relationship. We will use the information we gather to develop a strategy that enables our firm to give you continuous and focused investment advice and/or to make investments on your behalf. As part of our portfolio management services, we may customize an investment portfolio for you according to your risk tolerance and investment objectives. We may also invest your assets according to one or more model portfolios developed by our firm. Once we construct an investment portfolio for you or select a model portfolio, we will monitor your portfolio's performance on an ongoing basis and will rebalance the portfolio as required by changes in market conditions and in your financial circumstances.

If you participate in our discretionary portfolio management services, we require you to grant our firm discretionary authority to manage your account. Discretionary authorization will allow us to determine the specific securities and the amount of each security to be purchased or sold for your account without your approval prior to each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm and the appropriate trading authorization forms. In our sole discretion, we may allow you to limit our discretionary authority (for example, limiting the types of securities that can be purchased for your account) by providing our firm with your restrictions and guidelines in writing. If you enter into non-discretionary arrangements with our firm, we must obtain your approval prior to executing any transactions on behalf of your account.

### Financial Planning and Consulting Services

We offer financial planning services that typically involve providing a variety of advisory services to clients regarding the management of their financial resources based on an analysis of their individual needs. These services can range from broad, comprehensive financial planning to consultative or single subject planning. If you retain our firm for financial planning services, we will meet with you to gather information about your financial circumstances and objectives. Once we review and analyze the information you provide to our firm, we may deliver a written plan to you, designed to help you achieve

your stated financial goals and objectives.

Financial plans and/or consulting services are based on the financial information you provide to us. You must promptly notify our firm if your financial situation, goals, objectives, or needs change. You are under no obligation to act on our financial planning recommendations. Should you choose to act on any of our recommendations, you are not obligated to implement the financial plan through any of our other investment advisory services. Moreover, you may act on our recommendations by placing securities transactions with any brokerage firm.

### **Selection of Other Advisers**

As part of our investment advisory services, we may recommend that you use the services of a third party money manager to manage all, or a portion of, your investment portfolio. After gathering information about your financial situation and objectives, we may recommend that you engage a specific money manager or investment program. Factors that we take into consideration when making our recommendation(s) include, but are not limited to, the following: the manager's performance, methods of analysis, fees, your financial needs, investment goals, risk tolerance, and investment objectives. We will periodically monitor the manager's performance to ensure its management and investment style remains aligned with your investment goals and objectives.

The money managers will actively manage your portfolio and will assume discretionary investment authority over your account. If granted in the investment advisory agreement that you sign with our firm, we will assume discretionary authority to hire and fire money managers and/or reallocate your assets to other managers where we deem such action appropriate.

### **Pension Consulting Services**

We offer pension consulting services to employee benefit plans and their fiduciaries based upon the needs of the plan and the services requested by the plan sponsor or named fiduciary. In general, these services may include an existing plan review and analysis, plan-level advice regarding fund selection and investment options, education services to plan participants, investment performance monitoring, and/or ongoing consulting. We may also assist with participant enrollment meetings and provide investment-related educational seminars to plan participants on such topics as diversification, asset allocation, risk tolerance, and time horizon. Our educational seminars may include other investment-related topics specific to the particular plan.

We may also provide additional types of pension consulting services to plans on an individually negotiated basis. All services, whether discussed above or customized for the plan based upon requirements from the plan fiduciaries (which may include additional plan-level or participant-level services) shall be detailed in a written agreement and be consistent with the parameters set forth in the plan documents.

### **Advisory Services to Retirement Plans and Plan Participants**

As disclosed above, we offer various levels of advisory and consulting services to employee benefit plans ("Plan") and to the participants of such plans ("Participants"). The services are designed to assist plan sponsors in meeting their management and fiduciary obligations to Participants under the Employee Retirement Income Securities Act ("ERISA"). Pursuant to adopted regulations of the U.S. Department of Labor, we are required to provide the Plan's responsible plan fiduciary (the person who has the authority to engage us as an investment adviser to the Plan) with a written statement of the services we provide to the Plan, the compensation we receive for providing those services, and our status (which is described below).

The services we provide to your Plan are described above, and in the service agreement that you sign with our firm. Our compensation for these services is described below, at Item 5, and also in the

service agreement. We do not reasonably expect to receive any other compensation, direct or indirect, for the services we provide to the Plan or Participants. If we receive any other compensation for such services, we will (i) offset the compensation against our stated fees, and (ii) we will promptly disclose the amount of such compensation, the services rendered for such compensation and the payer of such compensation to you.

In providing services to the Plan and Participants, our status is that of an investment adviser registered with the State of Indiana, and we are not subject to any disqualifications under Section 411 of ERISA. To the extent we perform fiduciary services, we are acting either as a fiduciary of the Plan as defined in Section 3(21) under ERISA, or as a discretionary fiduciary of the plan as defined in Section 3(38) under ERISA. The agreement that you sign with our firm will identify all relevant terms of our relationship, including the applicable fiduciary status.

### **Wrap Fee Program(s)**

We are not a portfolio manager to a wrap fee program nor are we a sponsor of a wrap fee program.

### **Types of Investments**

We primarily offer advice on mutual funds, exchange-traded funds (ETFs), and individual equities. Additionally, we may advise you on any type of investment that we deem appropriate based on your stated goals and objectives. We may also provide advice on any type of investment held in your portfolio at the inception of our advisory relationship. You may request that we refrain from investing in particular securities or certain types of securities. You must provide these restrictions to our firm in writing.

### **Assets Under Management**

As of December 31, 2020, we provide continuous management services for \$66,979,897 in client assets on a discretionary basis.

## **Item 5 Fees and Compensation**

### **Portfolio Management Services**

Our fee for portfolio management services is based on a percentage of the value of your account we manage and is set forth in the following fee schedule:

Account Value	Annual Fee
First \$1,000,000	1.00%
Next \$1,000,000	0.80%
Over \$2,000,000	0.60%

Clients paying the annual fee for Financial Planning and Consulting Services (below) pay a reduced fee for Portfolio Management Services of 0.50% annually on the total portfolio value.

Other fee schedules may be in place for certain clients, as negotiated at the beginning of the client relationship with our firm.

Our annual portfolio management fee is payable quarterly in arrears based on the value of your account on the last day of the quarter. If the portfolio management agreement is executed at any time other than the first day of a calendar quarter, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the quarter for which you are a client. Our advisory fee is negotiable, depending on individual client circumstances.

At our discretion, we may combine the account values within the same household to determine the applicable advisory fee. Combining account values may increase the asset total, which may result in your paying a reduced advisory fee based on the available breakpoints in our fee schedule stated above.

We will send you an invoice for the payment of our advisory fee, or we will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when you have given our firm written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy.

You may terminate the portfolio management agreement upon 30-days' written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the portfolio management agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client. We encourage you to review the statement(s) you receive from the qualified custodian. If you find any inconsistent information, please call our main office number located on the cover page of this brochure.

### **Financial Planning and Consulting Services**

For clients requiring financial planning, we charge a fixed fee ranging from \$1,200 to \$4,800 upfront, and \$4,800 to \$19,200 annually, based on the complexity of the client's situation. This fee is payable in quarterly installments with the upfront portion due at inception, and then quarterly in arrears thereafter for the remainder of the engagement. Clients may make ongoing in arrears payments on a monthly basis if needed to accommodate their household cash flow.

We also offer financial planning and consulting services on an hourly fee basis at \$300 per hour billed in 6-minute increments. A reduced hourly rate may apply as agreed upon and reflected in the agreement signed with our firm. Additionally, a reduced hourly rate may apply for administrative and associate services, as reflected in the agreement signed with our firm. An estimate of the total time/cost may be determined at the start of the advisory relationship and an appropriate retainer established. Hourly fees are billed at least monthly, or as the services are rendered.

Other fee schedules may be in place for certain clients, as negotiated at the beginning of the client relationship with our firm.

We will send you an invoice for the payment of our advisory fee, or we will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when you have given our firm written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy.

The fees for our financial planning and consulting services are negotiable depending upon the complexity and scope of the plan, your financial situation, and your objectives. If we require that you make an advance payment in excess of \$500, all services will be rendered and completed within six months from the date of engagement. Should the engagement last longer than six months between acceptance of financial planning agreement and delivery of the financial plan, any prepaid unearned fees will be promptly returned to you less a pro rata charge for bona fide financial planning services rendered to date. In our sole discretion, we reserve the right to negotiate other fee-paying arrangements.

You may terminate the financial planning agreement by providing written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the agreement. If you have prepaid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

### **Pension Consulting Services**

The compensation arrangement for these services will be based on a percentage of the total plan assets or a fixed annual fee, subject to negotiation. This fee is typically due quarterly in arrears, but we reserve the right to modify the fee payment arrangement, such as monthly, or in advance, based on the requirements of the acting custodian. All terms will be set forth in the client agreement that you sign with our firm.

Either party to the pension consulting agreement may terminate the agreement upon 30-days' written notice to the other party. The pension consulting fees will be prorated for the quarter in which the termination notice is given and in the event there are prepaid fees, any unearned fees will be refunded to the client.

### **Selection of Other Advisers**

Advisory fees charged by third-party money managers are separate and apart from our advisory fees. Assets managed by money managers will be included in calculating our advisory fee, which is based on the fee schedule set forth in the *Portfolio Management Services* section in this brochure. Advisory fees that you pay to the money managers are established and payable in accordance with the brochure provided by each money manager to whom you are referred. These fees may or may not be negotiable. You should review the recommended money manager's brochure and take into consideration the manager's fees along with our fees to determine the total amount of fees associated with this program.

You will be required to sign an agreement directly with the recommended money manager(s). You may terminate your advisory relationship with the manager(s) according to the terms of your agreement with the manager. You should review each manager's brochure for specific information on how you may terminate your advisory relationship with the manager and how you may receive a refund, if applicable. You should contact the manager directly for questions regarding your advisory agreement with the money manager.

### **Additional Fees and Expenses**

As part of our investment advisory services to you, we may invest, or recommend that you invest in mutual funds and exchange-traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange-traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You may also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange-traded funds, our firm, and others. For information on our brokerage practices, please refer to the *Brokerage Practices* section of this brochure.

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

We do not accept performance-based fees or participate in side-by-side management. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Side-by-side management refers to the practice of managing accounts that are



charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Our fees are calculated as described in the *Advisory Business* section above and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

## Item 7 Types of Clients

We offer investment advisory services to individuals, high net worth individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, and other business entities.

In general, we require a minimum of \$500,000 to open and maintain an advisory account. At our discretion, we may waive this minimum account size. For example, we may waive the minimum if you appear to have significant potential for increasing your assets under our management. We may also combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts to meet the stated minimum.

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

### Methods of Analysis

In developing investment strategies for clients, we conduct fundamental analysis of the various asset classes that may be utilized to construct a diversified portfolio. This analysis may include factors such as various measures of valuation relative to previous market cycles, volatility in the form of standard deviation, beta to an appropriate benchmark and downside capture, and the expected correlation of various asset classes within the portfolio and how this impacts the total risk and return characteristics of the portfolio as a whole. The primary sources of information for our investment research is derived from third parties including, but not limited to, SEI Investments, Morningstar, Blackrock, and similar data sources. Other sources of information include financial publications, research materials provided by others, annual reports, prospectuses and filings with the Securities and Exchange Commission. Methods of analysis may include charting, fundamental, technical and cyclical.

### Investment Strategies

The strategic asset allocation for a specific client is based on the client's stated objectives and answers to questions asked during consultations. Once the appropriate investment strategy is developed, securities within each asset class are generally managed through a combination of direct management, outside managers, and passive investment vehicles selected for use within the portfolio. In selecting outside managers and passive investment vehicles, we analyze the fees, expenses and assumed costs of the manager or fund, the historical performance of the manager or fund compared to appropriate benchmarks, with particular attention paid to beta and downside capture, and the tax efficiency of the strategy when applicable to the client.

### Risk of Loss

All investment programs have certain risks that are born by the investor. Our investment approach seeks to minimize risks, but investors face risks ranging from the loss of purchasing power due to inflation to the loss of capital due to market declines among the various asset classes in which we invest. Material risks also include the possibility of persistent underperformance by a given manager or fund relative to appropriate benchmarks. In some situations, a lack of market liquidity for the traded fund or underlying securities may pose additional material risk.

Interest Rate Risk: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

**Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.

**Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year because purchasing power is eroding at the rate of inflation.

**Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This primarily relates to fixed income securities.

**Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it—a lengthy process—before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.

**Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.

**Financial Risk:** Excessive borrowing to finance a business's operations increases the risk of profitability because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or declining market value.

Our investment strategies and advice may vary depending on each client's specific financial situation. As such, we determine investments and allocations based on your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various factors. Your restrictions and guidelines may affect the composition of your portfolio.

### **Tax Considerations**

Our strategies and investments may have unique and significant tax implications, and we weigh tax considerations heavily in our strategies. Unless we specifically agree otherwise, and in writing, tax efficiency is one of our primary considerations in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you consult with a tax professional prior to and throughout the investing of your assets.

As a result of revised IRS regulations, custodians and broker-dealers report the cost basis of equities acquired in client accounts on or after January 1, 2011. Your custodian will use a default tax-lot accounting method, such as HIFO (highest-in first-out) or FIFO (first-in first-out) among others, for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if your custodian's default method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, please provide written notice to our firm and we will alert your account custodian of your individually selected accounting method. Please note that decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

### **Recommendation of Particular Types of Securities**

As disclosed under the *Advisory Business* section in this brochure, we primarily recommend mutual funds and exchange-traded funds (ETFs). However, we may recommend other types of investments as appropriate for you since each client has different needs and different tolerance for risk. Each type of

security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it.

**Mutual Funds and ETFs:** Mutual funds and exchange-traded funds (ETFs) are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small-cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. Exchange traded funds differ from mutual funds since they can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. The returns on mutual funds and ETFs can be reduced by the costs to manage the funds. Also, while some mutual funds are "no-load" and charge no fee to buy into, or sell out of the fund, other types of mutual funds do charge such fees which can also reduce returns. Mutual funds can also be "closed end" or "open end". So-called "open end" mutual funds continue to allow in new investors indefinitely whereas "closed-end" funds have a fixed number of shares to sell which can limit their availability to new investors.

## Item 9 Disciplinary Information

Precedent Asset Management, LLC has been registered and providing investment advisory services since 2013. Neither our firm nor any of our management persons have any reportable disciplinary information.

## Item 10 Other Financial Industry Activities and Affiliations

We have not provided information on other financial industry activities and affiliations because we do not have any relationship or arrangement that is material to our advisory business or to our clients with any of the types of entities listed below.

1. Broker-dealer, municipal securities dealer, or 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. Lawyer or law firm.
8. Insurance company or agency.
9. Pension consultant.
10. Real estate broker or dealer.
11. Sponsor or syndicator of limited partnerships.

### Recommendation of Other Advisers

We may recommend that you use a third party adviser or money manager based on your needs and suitability. We do not, however, receive compensation from the money manager for recommending that you use their services. You are not obligated, contractually or otherwise, to use the services of any money manager we recommend.

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

### **Description of Our Code of Ethics**

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for persons associated with our firm. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All persons associated with our firm are expected to adhere strictly to these guidelines. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, nonpublic information about you or your account holdings by persons associated with our firm.

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

### **Participation or Interest in Client Transactions**

Neither our firm nor any persons associated with our firm have any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this brochure.

### **Personal Trading Practices**

Our firm or persons associated with our firm may buy or sell the same securities that we recommend to you or securities in which you are already invested. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To mitigate this conflict of interest, it is our policy that neither our firm nor persons associated with our firm shall have priority over your account in the purchase or sale of securities.

## **Item 12 Brokerage Practices**

We do not have any affiliation with Broker-Dealers. Specific custodian recommendations are made to clients based on their need for such services. We recommend custodians based on the reputation and services provided by the firm. However, clients may custody their assets at the custodian of their choice.

We utilize SEI Private Trust Company ("SEI") as a primary custodian and generally recommend this custodian to clients. SEI offers to independent investment Advisors services which include custody of securities, trade execution, clearance, and settlement of transactions. We receive some benefits from SEI through participation in the program. (Please see the disclosure under Item 14 below.)

Benefits provided to our firm may include, but are not limited to, market information and administrative services that help our firm manage your account(s). We believe that the recommended custodian and broker-dealers provide quality execution services for our clients at competitive prices. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the services provided by recommended custodians, including the value of the firm's reputation, execution capabilities, custodial fees, and responsiveness to our clients and our firm. In recognition of the value of the services recommended custodians provide, you may pay higher custodial fees than those that may be available elsewhere.

### **Research and Other Soft Dollar Benefits**

In selecting or recommending a custodian and broker-dealer, we will consider the value of research

and additional brokerage products and services a broker-dealer has provided or will provide to our clients and our firm. Receipt of these additional brokerage products and services are not considered to have been paid for with "soft dollars."

### **Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

### **Directed Brokerage**

Some clients may instruct our firm in writing to use one or more particular brokers for the transactions in their accounts. Subject to our duty to obtain best execution, we may decline your request to direct brokerage if, in our sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

### **Block Trades**

We do not combine multiple orders for shares of the same securities purchased for advisory accounts we manage (the practice of combining multiple orders for shares of the same securities is commonly referred to as "block trading"). Accordingly, you may pay different prices for the same securities transactions than other clients pay. Furthermore, we may not be able to buy and sell the same quantities of securities for you and you may pay higher commissions, fees, and/or transaction costs than other clients.

## **Item 13 Review of Accounts**

### Portfolio Management / Selection of Other Advisers / Pension Consulting

Kenneth Klabunde, our firm's Founding Principal, will monitor your accounts on an ongoing basis and will conduct periodic account reviews, and at your request, to ensure that the advisory services provided to you are consistent with your investment needs and objectives. Additional reviews may be conducted based on various circumstances, including, but not limited to contributions and withdrawals, year-end tax planning, market moving events, security specific events, and/or changes in your risk/return objectives.

You will receive monthly or quarterly statements from your account custodian(s). We will also provide you with any additional written reports required in conjunction with account reviews.

### Financial Planning and Consulting Services

We will review your financial plans on an ongoing basis and conduct periodic reviews, at your request, for all clients with a current advisory relationship with our firm. We do not review or monitor your investment account(s), review your financial plan, or review statements you receive from your third-party money manager or account custodian following the end of our advisory relationship.

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

We do not receive any compensation from any third party in connection with providing investment advice to you.

We may pay referral fees to other firms for the referral of their clients to our firm in accordance with Rule 206 (4)-3 of the Investment Advisers Act of 1940. Such referral fee represents a share of our investment advisory fee charged to our clients. This arrangement will not result in higher costs to you. In this regard, we maintain Solicitors Agreements in compliance with Rule 206 (4)-3 of the Investment Advisers Act of 1940 and/or applicable state and federal laws.

As disclosed under Item 12, above, we utilize SEI Private Trust Company and may recommend SEI to clients for custody and brokerage services. There is no direct link between our use of this custody platform and the investment advice we give to clients, although we receive economic benefits through participation in the platform that are typically not available to retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Advisor participants; the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided by third party vendors. SEI may also pay for business consulting and professional services received by our related persons. Some of the products and services made available by SEI through the platform may benefit us but may not benefit our client accounts. These products or services may assist us in managing and administering client accounts, including accounts not maintained at SEI. Other services made available by SEI are intended to help us manage and further develop our business enterprise. As part of our fiduciary duties to clients, we endeavor at all times to put the interests of our clients first. Clients should be aware, however, that our receipt of economic benefits in and of itself creates a potential conflict of interest and may indirectly influence our choice of SEI for custody and brokerage services.

## Item 15 Custody

As paying agent for our firm, your independent custodian will directly debit your account(s) for the payment of our advisory fees. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian. You will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy.

You should review the statements from your account custodian(s) to reconcile the information reflected on each statement. If you have a question regarding your account statement, or if you did not receive a statement from your custodian, please contact us directly at the telephone number on the cover page of this brochure.

## Item 16 Investment Discretion

Before we can buy or sell securities on your behalf, you must first sign our discretionary management agreement and any appropriate trading authorization forms. You may grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction. You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security. Please refer to the *Advisory Business* section in this brochure for more information on our discretionary management services.

If you enter into non-discretionary arrangements with our firm, we will obtain your approval prior to the execution of any transactions for your account(s). You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.



## Item 17 Voting Client Securities

### Proxy Voting

Our firm does not vote client proxies. Therefore, clients maintain exclusive responsibility for: (1) voting proxies, and (2) acting on corporate actions pertaining to the client's investment assets. The client shall instruct the client's qualified custodian to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets. If the client would like our opinion on a particular proxy vote, they may contact us at the number listed on the cover of this brochure.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward you any electronic solicitation to vote proxies.

## Item 18 Financial Information

Our firm does not have any financial condition or impairment that would prevent us from meeting our contractual commitments to you. We do not take physical custody of client funds or securities, or serve as trustee or signatory for client accounts, and, we do not require the prepayment of more than \$500 in fees six or more months in advance nor have we filed a bankruptcy petition at any time in the past ten years. Therefore, we are not required to include a financial statement with this brochure.

## Item 19 Requirements for State-Registered Advisers

Refer to the Part(s) 2B for background information about management personnel and those giving advice on behalf of our firm.

Our firm is not actively engaged in any business other than giving investment advice.

Neither our firm nor any persons associated with our firm are compensated for advisory services with performance-based fees. Please refer to the "Performance-Based Fees and Side-By-Side Management" section above for additional information on this topic.

Neither our firm nor any of our management persons have any reportable arbitration claims, civil, self-regulatory organization proceedings or administrative proceedings.

Neither our firm nor any of our management persons have a material relationship or arrangement with any issuer of securities.

## Item 20 Additional Information

### Your Privacy

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any nonpublic personal information about you to any nonaffiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to nonpublic personal information about you to employees, who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact our main office at the telephone number on the cover page of this brochure if you have any questions regarding this policy.

**Trade Errors**

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account.

**Class Action Lawsuits**

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.



**Kenneth Klabunde, CFP®, CDFA®**

## **Precedent Asset Management, LLC**

**(doing business name)**

### **Precedent Financial Strategies**

**9000 Keystone Crossing  
Suite 145  
Indianapolis, IN 46240**

**<https://precedentstrategies.com>**

**Telephone: 800-264-9908  
Facsimile: 317-896-0347**

**February 10, 2021**

#### **FORM ADV PART 2B BROCHURE SUPPLEMENT**

This brochure supplement provides information about Kenneth Klabunde that supplements the Precedent Asset Management, LLC brochure. You should have received a copy of that brochure. Please contact us at 800-264-9908 if you did not receive Precedent Asset Management, LLC's brochure or if you have any questions about the contents of this supplement.

Additional information about Kenneth Klabunde is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Form ADV Brochure Supplement for Kenneth Klabunde

### Item 2 Educational Background and Business Experience

The business background information provided below is for the last five years.

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Your Financial Adviser: Kenneth Klabunde

Year of Birth: 1974

Education:

- Taylor University, BS Business Systems and Finance, 1997
- The College for Financial Planning, MS Personal Financial Planning, 2005

Business Background:

- Precedent Asset Management, LLC, Investment Adviser Representative, 10/2013 - Present
  - City Securities Corporation, Investment Adviser Representative, 11/2002 - 10/2013
  - City Securities Corporation, Registered Representative, 11/2002 - 09/2013
- 

Certifications: CFP®, CDFA®

**The CERTIFIED FINANCIAL PLANNER, CFP®** and federally registered CFP (with flame design) marks (collectively, the "CFP marks") are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. ("CFP Board").

The CFP certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 63,000 individuals have obtained CFP certification in the United States.

To attain the right to use the CFP marks, an individual must satisfactorily fulfill the following requirements:

Education - Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board's studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor's Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board's financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;

Examination - Pass the comprehensive CFP Certification Examination. The examination, administered in 10 hours over a two-day period, includes case studies and client scenarios designed to test one's ability to correctly diagnose financial planning issues and apply one's knowledge of financial planning to real world circumstances;

Experience - Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and

Ethics - Agree to be bound by CFP Board's *Standards of Professional Conduct*, a set of documents

outlining the ethical and practice standards for CFP professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP marks:

Continuing Education - Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and

Ethics - Renew an agreement to be bound by the *Standards of Professional Conduct*. The Standards prominently require that CFP professionals provide financial planning services at a fiduciary standard of care. This means CFP professionals must provide financial planning services in the best interests of their clients.

CFP professionals who fail to comply with the above standards and requirements may be subject to CFP Board's enforcement process, which could result in suspension or permanent revocation of their CFP certification.

**The Certified Divorce Financial Analyst® (CDFA®)** designation is issued by The Institute for Divorce Financial Analysts (IDFA), which is a national organization dedicated to the certification, education, and promotion of the use of financial professionals in the divorce arena.

Founded in 1993, IDFA provides specialized training to accounting, financial, and legal professionals in the field of pre-divorce financial planning. Over the years, IDFA has certified more than 5,000 professionals in the U.S. and Canada as Certified Divorce Financial Analysts®.

The CDFA® designation is available to individuals who have a minimum of three years experience as a financial professional, accountant, or matrimonial lawyer.

To acquire the designation, a candidate must successfully pass all exams and be in good standing with their broker dealer (if applicable) and the FINRA/SEC or other licensing or regulatory agency.

To earn the designation, the participant must complete a series of self-study course modules and pass an examination for each module. The American module topics are:

- Financial and legal issues of divorce
- Advanced financial issues of divorce
- Tax issues of divorce
- Working as a CDFA: case studies

Continuing Education - To retain the Certified Divorce Financial Analyst® designation, a CDFA® must obtain 30 divorce-related hours of Continuing Education (CE) every two years, remain in good standing with the IDFA, and keep his/her dues current.

To learn more about the CDFA® designation, visit <http://www.institutedfa.com/>.

### **Item 3 Disciplinary Information**

Kenneth Klabunde does not have, nor has he ever had, any disciplinary disclosure.

## **Item 4 Other Business Activities**

Kenneth Klabunde owns and operates Klabunde Farms, LLC, a family farm engaged in small scale sustainable farming and land management. Mr. Klabunde does not allocate any of his professional time to this activity.

## **Item 5 Additional Compensation**

Kenneth Klabunde does not receive any additional compensation for providing advisory services beyond that received as a result of his capacity as Founding Principal of Precedent Asset Management, LLC.

## **Item 6 Supervision**

Kenneth Klabunde, as Founding Principal and Chief Compliance Officer of Precedent Asset Management, LLC, is responsible for supervision. Mr. Klabunde can be reached at the telephone number listed on the cover page of this brochure supplement.

## **Item 7 Requirements for State Registered Advisers**

Kenneth Klabunde does not have, or has ever had, any reportable arbitration claims. Moreover, Mr. Klabunde has not been found liable in a reportable civil, self-regulatory organization or administrative proceeding, and has not been the subject of a bankruptcy petition.