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## **Form ADV Part 2A**

### **Brochure Cover Page**

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01/01/2018

**This brochure provides information about the qualifications and business practices of Schulmerich & Associates Asset Management, LLC. If you have any questions about the contents of this brochure, please contact us [schulmerich@comcast.net](mailto:schulmerich@comcast.net). 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 Schulmerich & Associates Asset Management, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

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### Schulmerich & Associates Asset Management, LLC (SEC No. 801-63384)

#### **Item 4 Advisory Business**

Schulmerich & Associates Asset Management, LLC ("Schulmerich & Associates") is a registered investment advisor with the SEC. Schulmerich & Associates Asset Management, LLC was established in 1988 by Stephen C. Schulmerich.

Schulmerich & Associates Asset Management, LLC provides investment management, financial planning and wealth management to individuals, families, and their related entities, trusts and estates, and family businesses. Schulmerich & Associates Asset Management, LLC also provides advice to retirement plan sponsors and their participants, and investment consulting services to retirement plan sponsors and trustees.

Before engaging in any services, we will enter into an agreement specific to services provided to you. The agreement may not be modified or amended except as signed by both parties. The agreement may be canceled at any time by either party, for any reason, upon receipt of written notice by the non-canceling party. Upon termination, any unpaid fees will be due and payable.

We tailor our advisory services to the individual needs of clients. Clients may impose restrictions on investing in certain securities or types of securities as applicable.

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

Investment Management

Assets Under Management

1.0 percent on the first \$500,000  
.75 percent on the next \$500,000  
.50 percent on the next \$1,000,000  
.50 Percent on the next \$4,999,999

Schulmerich & Associates Asset Management, LLC charges investment management fees on a tiered schedule, based on a percentage of assets under management. For the purposes of determining value, securities and other instruments traded on a market for which they are traded.

In certain circumstances, fees may be negotiable.

Schulmerich & Associates Asset Management, LLC investment management fees are generally paid from our designated account by the custodian when we submit an invoice to them. Investment management fees are calculated at the end of each calendar quarter, based on the value of your assets under management on the last trading day of each calendar quarter. Management fees are not pro-rated for any calendar quarter. Shortly after the end of each calendar quarter, the custodian will send to you an invoice for the fees earned by us during the immediately preceding calendar quarter.

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If there is insufficient cash in your account to pay our fees, we will confirm with you the liquidation of securities to pay the fees. Otherwise, we will contact you to arrange for payment of fees. In addition to our fees, there may be custodial, mutual fund or similar third-party management fees and charges.

When an agreement is terminated, all assets may need to be transferred from the current custodian. You will be responsible for paying all fees, including full quarterly custodial administrative fees, account closure fees, mutual fund fees and all trading costs due to termination. A custodian may assess additional fees for transfer of illiquid investments. If there is insufficient cash in the account, the liquidation of some securities may be used to pay the fees. We will confirm with you the liquidation of securities to pay the fees. Prior to termination of an agreement, we can provide a good-faith estimate of these fees.

Schulmerich & Associates Asset Management, LLC does not accept commission for the sale of securities or other investment products, including asset-based sales charges or services fees from the sale of mutual funds.

Stephen Schulmerich is a licensed insurance agent with the state of Oregon. He offers insurance products for his clients and makes full disclosure of any commission to the client before the application is made for this product.

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

Schulmerich & Associates Asset Management, LLC does not charge advisory fees on the performance of funds or securities in client accounts.

### **Item 7 Types of Clients**

Schulmerich & Associates Asset Management, LLC generally provides investment management, financial planning, wealth management and retirement plan services to the following types of clients:

- Individuals
- High Net Worth Individuals
- Non-Profit Organizations
- Trusts
- Estates
- Charitable Organizations
- Pension and Profit Sharing Plans

#### Minimum Account Size

Schulmerich & Associates Asset Management, LLC has a minimum account size of \$100,000.00. This minimum does not apply to retirement accounts and exceptions may be made for new accounts

that are expected to reach that level in a a reasonable period of time.

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

#### **8A. Methods of Analysis**

Schulmerich & Associates Asset Management, LLC uses fundamental analysis. Multiple sources of information are used to obtain and develop strategies, including F1360 and Morningstar, financial newspapers, prospectuses, financial magazines, research prepared by others, company press releases, annual reports and filings with the SEC.

#### **8B. Investment Strategies**

Schulmerich & Associates Asset Management, LLC uses Modern Portfolio Theory ("MPT") as the foundation of its investment approach. MPT is an investment decision approach that theoretically permits an investor to classify, estimate, and control both the type and amount of expected risk and return.

##### *Asset Allocation*

Schulmerich & Associates Asset Management, LLC believes that asset allocation is the dominant factor in determining total portfolio return. Studies have shown that the asset allocation decision explains more than 90% of the variation of total returns, while security selection and market timing account for no more than a residual small portion of the variance of total returns. Asset allocation is the central theme of our investment process.

##### *Diversification*

Studies have shown that diversifying a portfolio can both reduce volatility (risk) and increase the potential for higher investment returns. To achieve an appropriate level of diversification in an effort to achieve these objectives, Schulmerich & Associates believed investment portfolio should include a mix of asset classes, including domestic and foreign equities, fixed income securities, real estate, and cash or cash equivalents.

##### *Rebalancing*

Each client portfolio maintains a target asset allocation. At minimum, client portfolios are reviewed each quarter to evaluate the extent to which the actual allocation deviates from the target allocation. Where the deviation is considered excessive, Schulmerich & Associates will recommend the appropriate actions in order to bring the actual allocation back within acceptable range of the target allocation. this process is referred to as "rebalancing" and is utilized with the intent of (1) helping maintain an expected risk level for the portfolio that should be more consistent over time, and (2) systematizing a way to aid the client in "buying low and selling high".

##### *Investment Policy Statements*

It is Schulmerich & Associates objective to have an Investment Policy Statement ("IPS") for each client. The IPS is a document that outlines the policies and procedures to be followed by Schulmerich & Associates on behalf of the client and is individualized for each client. Topics addressed in a typical IPS may include the client's investment goals, time horizon, risk tolerance, tax consideration, criteria or investment selection, target asset allocation, overall investment strategy,

the trigger for rebalancing procedures to be implemented, and frequency and type of monitoring and reporting.

### *Investment Vehicles*

Schulmerich & Associates selection of investment vehicles supports the asset allocation process. Schulmerich & Associates makes use of broadly diversified, passively-managed asset class or index funds in order to obtain exposures to the desired asset classes. Passively-managed funds benefit from low costs and minimal trading activity, avoiding market timing and human judgment problems and the tax implications arising from each security trade. By combining individual investments into the overall portfolio's asset allocation, the objective is to create a well-diversified portfolio with broad market exposures.

### **8C. Risk of Loss**

All investments include a risk of loss. In addition, as recent global and domestic economic events have indicated, performance of any investments is not guaranteed. As a result, there is a risk of loss of the assets we manage that may be out of our control. We use our best efforts and expertise to manage your assets. However, we cannot guarantee any level of performance or that you will not experience financial loss.

Schulmerich & Associates will use our best judgment and good faith efforts in rendering services to you. We cannot warrant or guarantee any particular level of account performance, or that the account will be profitable. You assume all market risk involved in the investment of account assets under your agreement and understand that investment decisions made for your account are subject to various market, currency, economic, political and business risk. Except as may otherwise be provided by law, we will not be liable to you for (a) any loss that you may suffer by reason of any investment decision made or other action taken or omitted in good faith by Schulmerich & Associates with that degree of care, skill, prudence and diligence under the circumstances that a prudent person acting in a fiduciary capacity would use; (b) any loss arising from our adherence to your instructions; or (c) any unauthorized act or failure to act by a custodian of your account. Nothing in this document shall relieve us from any responsibility or liability we may have under state or federal statutes.

**Item 9 Disciplinary Information**

**9A. Civil or Criminal Actions**

Schulmerich & Associates and its principals have never been found guilty, convicted or plead no contest to a criminal or civil action in a domestic, foreign or military court.

**9B. Administrative Enforcement Proceedings**

Stephen C. Schulmerich dba Schulmerich & Associates Asset Management (801-21041) was ordered to Cease and Desist (Administrative Proceedings File No. 3-7861) related to recordkeeping and reporting violations.

**9C. Self-Regulatory Organizations Enforcement Proceedings**

Schulmerich & Associates and its principals have never been found by a self-regulatory agency to have caused loss of the ability of an investment - related business to do business. Additionally, Schulmerich & Associates and its principals have never been found in violation of self-regulatory agencies rules such that they were barred, suspended, limited advisory functions or fined.

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

**10A. Broker-Dealers and Registered Representatives**

Schulmerich & Associates is not registered as a broker-dealer and our employees are not registered representatives of any broker-dealer.

**10B. Registration or an Associates Person of a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither Schulmerich & Associates nor our employees hold any of the above registrations.

**10C. Registration relationships Material to this Advisory Business and Possible Conflicts of Interests**

The principal business of Schulmerich & Associates is that of a registered investment advisor and provider of financial planning services.

**10D. Selection of Other Advisors and How this Advisor is Compensated for those Selections**

Schulmerich & Associates is not paid for the selection of other advisors, asset managers or portfolio managers.

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

#### **11A. Code of Ethics Description**

The employees of Schulmerich & Associates have committed to a Company Code of Ethics, which describes our high standards of business conducts and imposes on them a fiduciary duty to place the interests of clients ahead of their own and the Company's.

The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition on rumor-mongering, procedures for personal securities trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, among other things. All supervised persons at Schulmerich & Associates must acknowledge the terms of the Code of Ethics annually or as amended.

A copy of Schulmerich & Associates Code of Ethics is available, free of charge, upon request or on our website for download.

#### **11B, 11C. Participation or Interest in Client Transactions**

Schulmerich & Associates, or its employees do not trade in front of our clients based on certain information that may influence the price of the security. We do not trade on nonpublic information. While we may invest in the same securities owned by our clients we have no ability to influence the price of those securities.

Schulmerich & Associates, or its employees, may buy and sell securities but will be monitored so that client accounts will not be effected in a significant way.

In some cases Schulmerich & Associates, or its employees, may buy or sell securities for our own accounts and not for clients' accounts, as it may not meet the objectives or plans for the client.

Schulmerich & Associates will always maintain full disclosure with our clients so that you can make informed decisions. We will always evaluate our activity from the view of our clients to ensure that any and all required disclosures are made. For example, we will disclose anything that would cause you to be unfairly influenced to make any decision regarding actions or inactions in your account.

### **Item 12 Brokerage Practices**

#### **12A. Selecting Brokerage Firms**

As part of our services, Schulmerich & Associates will recommend a broker-dealer. We have selected our broker-dealers based on price, reliability, speed of processing, tools and "best execution" in addition to other considerations. And while you are not required to effect transactions through any broker-dealer recommended by us, we feel we have made our selections based on totality of benefits they offer.



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Schulmerich & Associates may purchase software, tools, training programs or seminar services. Additionally, broker-dealers may provide services, tools or other non-financial benefits to use as a benefit for using the broker-dealer's services. However, we endeavor at all time to put interests of our clients first. You should be aware, however, that the receipt of the types of benefits discussed above could create a potential conflict of interest by influencing our choice of a broker-dealer.

To avoid creating a possible conflict of interest in recommending broker -dealers, we have established the following restrictions in order to ensure its fiduciary responsibilities:

1. Schulmerich & Associates adhered to our Code of Ethics as outlined in Item 11 above.
2. If Schulmerich & Associates receives separate compensation for transactions, we will fully disclose them.
3. Schulmerich & Associates emphasizes the unrestricted right of you to select and choose your own broker or dealer.
4. Schulmerich & Associates will always act in accordance with all applicable federal and state regulations governing registered investment advisory practices.

### **12B. Sales Aggregation**

Schulmerich & Associates does not generally aggregate (or bunch or block) trades when executing transactions. Bunching is generally done in order to realize more effective trade execution and the cost efficiencies that come from executing larger order sizes. Therefore, fees associated with services may be higher or lower than may be available through other financial service providers. However, Schulmerich & Associates acknowledges our fiduciary responsibility to provide best execution as can reasonably be expected under circumstances available. You are encouraged to discuss any questions that may arise regarding investment policies throughout the course of engagement with us.

### **Item 13 Review of Accounts**

#### **13A. Periodic Reviews**

Accounts are reviewed by Stephen C. Schulmerich or qualified staff members. For investment management and wealth management clients, the frequency of reviews is determined based in your investment objectives, but not less than annually.

Financial planning clients receive their financial plans and recommendations at the time the service is completed. In cases where ongoing financial planning is arranged, reviews and their frequency will be detailed in the agreement with the client.

#### **13B. Review Triggers**

More frequent reviews may be triggered by change in your investment objective; tax considerations; large deposits or withdrawals; large sales or purchases; loss of confidence on corporate management; or changes in economic climate.

### **13C. Regular Reports**

All investment management and wealth management advisory clients receive, at a minimum, annual reports from Schulmerich & Associates for clients of assets over \$100,000 or upon request.

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

#### **14A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients**

Schulmerich & Associates does not receive economic benefits from third parties for the advice we render to our clients.

#### **14B. Compensation to Non-Advisory Personnel for Client Referrals**

Schulmerich & Associates does not directly or indirectly compensate any person for client referrals.

### **Item 15 Custody**

Schulmerich & Associates clients' accounts are held by a qualified custodian and, other than to withdraw advisory fees, Schulmerich & Associates shall have no liability to the client for any loss or other harm to any property in the account. This includes harm to any property in the account resulting from the insolvency of the custodian or any unauthorized 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 Protections Corporation ("SIPC") or any other insurance which may be carried by the custodian. You understand the SIPC provides only limited protection for the loss of property held by the broker-dealer. As a fiduciary, Schulmerich & Associates will always act in the best interest and in doing so, the above does not limit or modify that duty to you. Custodial statements will include fees charged by Schulmerich & Associates. Registrant urges clients to compare the account statements they receive from custodian with those they receive from Schulmerich & Associates.

### **Item 16 Investment Discretion**

Schulmerich & Associates asks our clients to give us discretionary authority to execute transactions without our client's prior approval. These transactions may include the purchase and selling of securities, arranging for payments or generally acting on behalf of our clients in most matters necessary to the handling of the account. Schulmerich & Associates has authority to invest client assets as described and authorized in its investment advisory agreement.

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

The clients of Schulmerich & Associates retain the authority to proxy vote and will continue to do so until otherwise may agree in writing. You should ensure that proxy ballots are mailed directly to you

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by selecting this option on your custodial account application forms.

### **Item 18 Financial Information**

#### **18A. Balance Sheet**

Schulmerich & Associates does not charge any fees in advance.

#### **18B. Financial Conditions**

Schulmerich & Associates has no financial issues that could impair our ability to carry out our fiduciary duty to our clients.

#### **18C. Bankruptcy Petition**

Schulmerich & Associates has never been the subject of a bankruptcy petition.

### **Item 19 Requirements for State-Registered Advisers**

#### **19A and 19B. Principal Executive officers: Education, Background & Other Businesses**

Schulmerich & Associates executive officer is Stephen C. Schulmerich. His education and business background information can be found in Schulmerich & Associates ADV Part 2B.

**Schulmerich & Associates Asset Management, LLC**

**Form ADV Part 2B  
Brochure Supplement**

Stephen C. Schulmerich, CFP, AIF

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Portland, OR 97223

Phone: 503-672-7750

**This brochure supplement provides information about Stephen C. Schulmerich, CFP, AIF that supplements the Schulmerich & Associates Asset Management, LLC brochure. You should have received a copy of that brochure. Please contact Stephen C. Schulmerich, CFP, AIF if you did not receive Schulmerich & Associates Asset Management, LLC's brochure or if you have any questions about the contents of this supplement.**

### **Schulmerich & Associates Asset Management, LLC**

#### **Item 2 Educational Background and Business Experience**

The managing principal of the team is Stephen C. Schulmerich, CFP, AIF®. Mr. Schulmerich is currently a Certified Financial Planner with the Certified Board of Standards and is also a graduate of the College of Financial Planning Institute in Denver, Colorado. Mr. Schulmerich is also an Accredited Investment Fiduciary AIF®.

#### **Item 3 Disciplinary Information**

Stephen C. Schulmerich has no legal or disciplinary events that are material to a client's or prospective client's evaluation of this advisory business.

#### **Item 4 Other Business Activities**

The principal business of Stephen C. Schulmerich is that of a registered investment advisor and provider of financial planning services. Stephen Schulmerich is a licensed insurance agent with the state of Oregon. Stephen Schulmerich is a licensed insurance agent with the state of Oregon. He offers insurance products for his clients and makes full disclosure of any commission to the client before the application is made for this product.

#### **Item 5 Additional Compensation**

Other than work with Schulmerich & Associates and any disclosures made above, Schulmerich & Associates employees receive no additional compensation related to outside business activities.

#### **Item 6 Supervision**

The supervising member of Schulmerich & Associates is Stephen C. Schulmerich. Stephen C. Schulmerich remain aware of and keep all employees in compliance with the current rules and regulations put forth by each ruling regulatory authority where we conduct our business. Schulmerich & Associates maintains a written compliance manual that is reviewed with employees when they are hired, as well as annually.