

March 26, 2023

Form CRS

**Tollefson & Company Investment Management LLC**

**Item 1. Introduction**

Tollefson & Company Investment Management LLC “TC” is currently registered with the Securities and Exchange Commission as an Investment Adviser. Please note that investment advisory services and fees are different than brokerage services as provided by broker-dealers and it is important that you as an investor understand the differences.

We encourage you to refer to **FINRA at [finra.org](http://finra.org)** to research our firm and our investment adviser representatives at **Investor.gov/CRS**. This site also provides free tools and educational materials about investment advisers, broker-dealers and investing.

**Item 2. Relationships and Services**

❖ **What investment services and advice can you provide for me?**

Tollefson & Company is a registered independent investment advisory firm that manages equity (stocks), fixed income (bonds), balanced (both stocks and bonds) for retail investors. Our clients are individuals, trusts, estates, corporations, charitable organizations and retirement plans. As part of our service and included in our investment management fee, we provide oversight of client holdings as we manage all portfolios under discretionary authority. Discretionary authority means that we are limited to investment management activities of purchases and sales of securities such as stocks and bonds.

➤ **What are your Services?**

We create portfolios, manage, and communicate with our clients under discretionary investment authority as per our Investment Management Agreement. Our Investment Advisory Agreement may be cancelled by either party, at any time and for any reason upon 30 days written notice. As of the date of termination, any prepaid, unearned fees will be promptly refunded and any earned, unpaid fees will be due and payable.

We do not custody or “hold” assets for our client. Our client accounts are “custodied” at broker-dealer firms (such as Charles Schwab or Merrill Lynch) in good health, standing and appropriate **Securities Investor Protection Corporation** membership. Investments we make for you as our client are in publicly traded, mostly U.S. based mid to large companies, bonds, government securities, exchange traded funds and preferred shares.

Our account minimum is \$500,000. We meet with potential clients to ascertain client objectives, fully explain our services and portfolio management strategies. Upon hiring us as your investment manager, a portfolio structure is developed based on your individual investment objectives, market and economic factors to limit loss and achieve reasonable growth. You as a client are sent copies of all transactions, statements and other communications directly from the custodian of your accounts. Additionally, you will also receive calendar quarter end reports from our professional portfolio management reporting vendor (such as Black Diamond) describing the investment, amount and value of the investment, income, performance, quarterly management fee calculations, charts and overall asset allocation or investment mix of cash, stocks and or bonds. You may ask for interim reports at any time.

➤ **How do you determine what securities to purchase? TC’s security analysis methods include: Charting - using charts to identify security patterns that may suggest future activity.**

Fundamental – the evaluation of a security (company) to measure its value. The financial condition of the company, its management, economic and industry factors are considered. This analysis is performed to

determine the value of the security's (company) current price and then decide whether this current price is undervalued (buy), neutral (remain invested and continue to review) or overvalued (sell). This analysis represents a large part of TC's investment decision process.

Technical – reviews securities based on historical market prices and technical indicators. The focus of technical analysis is the patterns of buyers and sellers (trading patterns) that may predict future investment price movement.

Cyclical – evaluate the effects of the peaks and valleys in the economy, politics, global issues and business cycles that may impact a security, industries or sectors. The goal is to purchase fundamentally attractive companies that will benefit from a strong economy and those that will be defensive or inexpensive (and thus attractive to purchase or hold) in a difficult economy.

Fundamental analysis represents the greatest part of TC's security analysis methods with technical, charting and cyclical analysis contributing to the investment decision process.

➤ **What is my risk of Loss?**

TC does not utilize analytical or strategic methods that involve unusual or significant risks. Risk in analysis is not limited to but may include incorrect information provided by companies, research firms, technical, cyclical, economic or public policy sources. Further technical and electronic errors may occur, the impact of economic and market issues cannot always be ascertained, and fundamental information may be flawed due to reporting that is beyond TC's knowledge or control. Risk in investment strategies may occur due to overall market and economic conditions, individual company or other investment circumstances wherein principal may decline or be lost. TC seeks to minimize temporary or permanent principal loss by purchasing investment vehicles that have strong financial statements, growth potential and may be defensive or opportunistic in given markets. TC also structures portfolios to ensure proper asset allocation to match your individual objectives while considering market and economic factors. Further, appropriate limit and stop limit orders may be implemented for principal and profit protection. *"Please note that investing in securities involves risk of loss that Clients shall be prepared to bear."*

**Item 3.**

❖ **What fees will I pay?**

Our annual management fee for assets under management the annual fee is 1.00%. Fees may be negotiable under specific circumstances and will be clearly documented in our Investment Management Agreement. Your portfolios are valued on the last day of each quarter end and our management fee is calculated as 1% of the total market value of each portfolio and then divided by four to obtain that quarterly fee. Our reporting system provides your personalized report of the market valuation and demographics of your portfolio(s) and the fee calculation. An example of a fee calculation is as follows: Portfolio Value: \$1,000,000 at the end of the quarter... the management fee for the quarter end would be  $\$1,000,000 \times 1\% = \$10,000$  and then divided by 4 = \$2,500.

Our fees are asset based and therefore if the portfolio value goes up or additional funds are deposited, our quarterly asset-based fee will increase. If the portfolio value goes down or funds are withdrawn, asset-based fee will decrease. The client should be fully aware of this cash flow movement and understand that increases of funds could result in larger asset-based fees.

➤ **Other fees and costs:**

Transaction fees which are paid to the custodian (ie: Charles Schwab) of your account for trades are reviewed to be competitive in the marketplace, appropriate to the type of investment and that best price execution (purchase or sale) is achieved. Asset-based management fees paid to TC are separate from custodial trading fees, fees and

expenses charged by mutual funds or exchange traded funds to their shareholders as described in the mutual fund or exchange traded fund prospectus. You should review the fees charged by the mutual fund or exchange traded fund as well as TC's investment advisory fee to determine the total fees to be paid by you, the client.

➤ *Do you receive any other fees other than your investment management fee?*

TC, its supervised persons, employees *do not* receive any performance-based fees or fees based on a share of capital gains or on capital appreciation of the asset of any client. In summary, TC does not manage or receive compensation for any hedge funds, other pooled investment vehicles or manage portfolios at an hourly or for a flat fee. *It is important to note that you will pay fees and costs regardless of if money is made on your investments.*

Impact of fees and costs on investments: As an example of the above \$1,000,000 portfolio. The asset-based management fee of \$10,000 per year, custodian trading costs and perhaps fees within exchange traded funds (by way of example are \$1,500 per year) means that the portfolio assets invested begins at \$988,500 for investment. The portfolio effectively needs to achieve at least the 1% return to break even on performance. TC reports all portfolio performance returns *NET* of all fees, including our asset-based fee, contributions and distributions so that you as a client may understand your net and real investment return.

❖ *What are our legal obligations when acting as my investment advisor?*

When we act as your investment adviser, our obligation to act in you as our client's best interest and not put our interest ahead of the client. At the same time, the way we make money creates some conflicts with your interests. You should understand these conflicts and ask to understand because they affect the investment advice we provide you. An example of what this means is: that we buy and sell securities in our personal accounts that we buy and sell for clients. We mitigate the conflict of interest by requiring full disclosure of all employee personal securities transactions and that the client trades occur prior to employee trades. We do not engage in any propriety products, third-party payments, revenue sharing, principal trades – our revenue is derived solely from our asset-based fee as described above.

❖ *How do your financial professionals make money?*

Our financial professionals are compensated on a cash basis (not any non-cash compensation), wherein their income is derived in the form of salary from management fees paid by our clients. There is no compensation for any product sold, sales commissions or any other form of compensation other than salary.

#### Item 4. Disciplinary History

❖ *Do you or any of your professionals have legal or disciplinary history?*

**No.** Please go to [Investor.gov/CRS](https://www.investor.gov/crs) for a free and simple search tool to research our firm and professionals.

#### Item 5. Additional Information

***You may obtain additional information about TC and this relationship summary*** from us directly in the form of paper, email, [Investor.gov/CRS](https://www.investor.gov/crs), FINRA or via our website at [tollefsoncompany.com](https://www.tollefsoncompany.com). This request may be made via any of the following contact information: telephone number 202-841-2867; our mailing address at Tollefson & Company, PO Box 96503, #45773, Washington, DC 20090, attention: Kirsten Tollefson or [ktollefson@tollefsoncompany.com](mailto:ktollefson@tollefsoncompany.com)