

**Item 1          Cover Page**

## **Kerwin Asset Management, LLC**

5238 Hollywood Road  
Edina, MN 55436

Phone: 651-203-9841

Email: [david@kerwinam.com](mailto:david@kerwinam.com)

Website: <https://www.kerwinam.com>

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This Part 2A of Form ADV, also known as a “brochure”, provides information about the qualifications and business practices of Kerwin Asset Management, LLC (Kerwin) for the use of clients and prospective clients. If you have any questions about the contents of this brochure, please contact me using the contact information above.

Kerwin is a Registered Investment Adviser in the State of Minnesota. Registration does not imply a certain level of skill or training. This information has not been approved or verified by the United States Securities and Exchange Commission (SEC) or any state securities authority.

Additional information about Kerwin Asset Management, LLC also is available on the SEC’s website at <https://adviserinfo.sec.gov>. You can search this website by adviser name or by a unique identifying number for advisory firms, known as an IARD/CRD number. Kerwin’s IARD/CRD number is **145906**.

## **Item 2           Material Changes**

This section is intended to highlight upfront material changes to Kerwin Asset Management, LLC's (Kerwin) business practices and policies—items that Kerwin believes its clients and/or prospective clients would deem as relevant and important in their decision to start or continue a relationship with Kerwin.

Since the publication of Kerwin's last published firm brochure, an annual amendment dated 3/17/2023, in addition to minor updates within Kerwin has two material changes to report—both related to enhancing its cybersecurity measures:

- 1) Kerwin implemented a Domain-based Message Authentication, Reporting, and Conformance (DMARC) domain policy. This policy is designed to further strengthen its email security measures by helping to prevent email spoofing and phishing attacks.
  
- 2) Kerwin also implemented a Multi-Factor Authentication (MFA) policy for accessing its Amazon Web Services (AWS) cloud where its portfolio management and client reporting software resides. Kerwin had already limited access to its Amazon cloud by specifying only those IP addresses that were used by Kerwin or its affiliate, Lakeview Investment Advisors, but this MFA policy further enhances Kerwin's cybersecurity and aligns with current regulatory requirements and industry best practices.

See [Item 4 – Advisory Business / Cybersecurity](#) (page 6) for additional information on this subject.

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

Kerwin Asset Management, LLC (Kerwin) is a Minnesota state-registered fee-only investment adviser who operates as a fiduciary to provide investment supervisory services to its clients—primarily individuals and trusts. "Investment supervisory services", pursuant to the Investment Advisers Act of 1940, means the giving of continuous advice as to the investment of funds on the basis of the individual needs of each client. Kerwin has been in business since January 2008 and is owned exclusively by its founder, David E. Kerwin.

As a fiduciary, Kerwin is obligated by a duty of loyalty, good faith, and trust with its clients. Kerwin is legally and ethically bound by this relationship to act in the best interest of its clients and to place the interests of its clients first. In addition, this standard of care is embedded within the [CFA Institute's Code of Ethics and Standards of Professional Conduct](#) to which I (speaking as David E. Kerwin, CFA, an individual) must adhere to maintain my CFA charter. See [Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading](#) for more information on this topic.

Kerwin tailors its advisory services to clients by assessing their financial condition, by jointly (Kerwin and client) identifying and defining their portfolio objectives, and then determining a specific risk-profile for their portfolio among a risk-based spectrum defined by Kerwin. These discrete risk-profiles are defined as having specific broad asset allocations among equities (stocks) and fixed income (bonds and cash) investments.

Based upon further client input, Kerwin then designs a portfolio strategy to fit the particular risk-profile and any unique constraints that may be requested by or relevant to the client. Kerwin drafts an investment policy statement (IPS) which describes the client's investment objectives, constraints, and identifies and defines a customized benchmark for performance comparisons. This IPS is then reviewed and signed by both Kerwin and the client to ensure that both parties understand how the portfolio is to be managed.

Kerwin's investment strategy is based upon what's commonly known as modern portfolio theory, whereby Kerwin attempts to construct an optimal portfolio to maximize total-return while limiting risk—defined here as portfolio volatility (or the variation in period returns as measured by standard deviation). Within this framework, individual investments are not considered or analyzed in isolation but, rather, in the context of their influence on the overall client portfolio.

Kerwin designs and executes its investment strategy primarily utilizing independently managed exchange traded funds (ETFs), pooled investment vehicles (like traditional mutual funds) that trade intraday on an exchange (like individual stocks). At a low on-going cost (in both an absolute sense and relative to traditional active mutual funds), these ETFs provide diversification, liquidity, tax-efficiency, and transparency (of holdings). To a much lesser extent, Kerwin also uses independently managed traditional mutual funds (typically no-load, no-transaction fee, passive index funds) where the desired position size is small and may not work well given the price of individual ETF shares—which must be purchased in whole units. Kerwin may also use individual securities as part of its client-customized portfolio strategy. Finally, Kerwin provides to clients quarterly written investment reports, which both summarize and provide detail on the structure of the client portfolio, its composition, historical performance, all transactions, and (as applicable) realized gains and losses year-to-date.

#### **Item 4            Advisory Business *(continued)***

Kerwin utilizes an independent qualified custodian, currently Charles Schwab & Co. (Schwab), to custody and safeguard client accounts. Schwab also serves as Kerwin's exclusive broker/dealer for all client and personal securities transactions. Clients receive independent statements of their accounts, trade confirmations, and tax-related forms directly from Schwab, which information Kerwin encourages clients to review and compare to portfolio management reports provided by Kerwin as of the same date(s).

Kerwin manages all client assets on a discretionary basis, meaning that Kerwin makes all decisions to buy, sell, or hold securities, cash or other investments for a client's account(s) at Kerwin's discretion—in alignment with the client's executed investment policy statement. As of 02/29/2024, Kerwin manages approximately \$32.187 million in client assets—including Lakeview sub-advisory clients, if any (see [Item 10: Other Financial Industry Activities and Affiliations](#)).

**Financial Planning/eMoney:** Effective in 2016, Kerwin began to offer an aspect of financial planning to its clients. Such offering is incidental to Kerwin's primary business of managing client assets, and Kerwin charges no additional fees for such financial planning. This service is optional to clients and depends on their willingness to actively engage in what must be a collaborative process between the adviser and client. The financial planning services offered are supported in large part by a third-party provided technology platform, emX (a subscription service provided by eMoney Advisors, LLC), that Kerwin provides to all its clients. The eMoney technology is actually a suite of tools more broadly designed to enhance and support Kerwin's investment advisory practice and services offered to clients. Specifically, these tools include:

- **A secure client vault:** this is a means of both securely storing documents online and sharing documents between Kerwin and its clients. Documents (files) are encrypted both during transmission to/from the client vault and while in storage in the vault. This is functionality Kerwin offered to its clients previously through a standalone product known as ICFiles, provided by Service2Client, LLC—Kerwin decommissioned this service in 2016.
- **Account aggregation:** this is a means for clients to collect, aggregate, and organize the presentation of automatically-updated (those that are online accessible) financial accounts held in multiple locations—those held at Schwab and managed by Kerwin and those held away. This is a view-only function (i.e. no trading or money movement) that offers both Kerwin and its clients a more comprehensive single-site view of clients' financial condition. Consistent with Kerwin's client agreement, Kerwin's clients must explicitly and independently consent to this feature as it concerns the sharing of client data with a third-party.
- **Financial planning:** if a client has opted to aggregate their financial account information, then this platform offers Kerwin and its clients a collaborative means of entering a client's income and expenses, and financial goals and objectives—and then devising, forecasting, and evaluating a plan for achieving those same goals and objectives. This functionality actually covers multiple dynamic and interactive planning tools and reports.

**Cybersecurity:** The internet is a fantastic information source and productivity tool for both personal and commercial uses—including the asset management service that is Kerwin’s primary business. Unfortunately, there are also bad actors that use the internet to seek access to confidential and personal information of others illegally. Kerwin takes seriously the protection of not only clients’ assets but also their privacy and personal information. Kerwin employs regulatory-required and industry standard policies for electronically storing and accessing all client Non-Public Personal Information (NPI), including but not limited to the following (see also [Appendix: Privacy Policy](#)):

- Physical and software-based firewalls to stand between Kerwin’s computers and the internet.
- Multi-Factor Authentication (MFA) methods required for Kerwin to access all cloud-based client information, including Kerwin’s custodian, Charles Schwab & Co., Inc., Kerwin’s cloud-based portfolio management software residing on an Amazon Web Services (AWS) EC2 cloud instance, and its client portal.
  - MFA requires an additional factor beyond traditional usernames and passwords—such as a mobile-app generated code or hardware token, or biometrics like fingerprints and facial recognition. Employing MFA helps prevent unauthorized access to select internet sites and platforms, even if passwords are compromised.

Kerwin also employs a Domain-based Message Authentication, Reporting, and Conformance (DMARC) domain policy. This policy is a security measure designed to prevent email spoofing and phishing attacks. Having such a policy is aimed at enhancing the confidentiality and integrity of Kerwin’s email communications with its clients by preventing attackers from sending fake emails using Kerwin’s domain ([kerwinam.com](mailto:kerwinam.com)). With such a policy, clients should feel confident that any email identified as coming from Kerwin is legitimate.

In addition to the above cybersecurity risk prevention policies, Kerwin has a \$500K Cyber Liability insurance policy through BCS Insurance/Lloyds of London covering Theft by Hacking and Social Engineering.

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## Item 5 Fees and Compensation

Kerwin is a fee-only adviser, meaning the only fees it receives are those paid directly by its clients. No other compensation is received by Kerwin attributable to the sale of any securities, investment products or services. Fees are assessed quarterly, in arrears, and are deducted directly from clients' accounts after providing clients a bill—such limited and specific custody authorization is given via Kerwin's standard Client Agreement and also through the account application process at Kerwin's independent custodian, Charles Schwab & Co. (Schwab). Kerwin believes this fee arrangement aligns the client's and adviser's interests—to preserve and grow client assets over time. Fees are calculated as a percentage of assets under management (AUM) using the following tiered marginal rate schedule applied at the end of each calendar quarter:

Tier	Assets Under Management:	Marginal Percent Fee	
		Annual	Quarterly
1	0 - \$500,000	<b>1.00%</b>	0.2500%
2	\$500,001 - \$1,000,000	<b>0.85%</b>	0.2125%
3	\$1,000,001 - \$1,500,000	<b>0.75%</b>	0.1875%
4	\$1,500,001 - \$2,000,000	<b>0.65%</b>	0.1625%
5	\$2,000,001 - and over	<b>0.60%</b>	0.1500%

*Fees may be negotiable*

### **Example:**

*Client has an account with a value of \$2,750,000 on the last day of the most recent calendar quarter. The quarterly fee would be calculated as follows:*

Tier	Account Assets	Quarterly Account Fee	
		Marginal %	\$
1	\$500,000	x 0.2500%	= \$1,250
2	+ \$500,000	x 0.2125%	= \$1,063
3	+ \$500,000	x 0.1875%	= \$938
4	+ \$500,000	x 0.1625%	= \$813
5	+ \$750,000	x 0.1500%	= \$1,125
<b>Total / Wtd Avg</b>		<b>= \$2,750,000</b>	<b>0.1886%</b>
<b>Annualized "Effective" Rate =&gt;</b>		<b>0.75%</b>	<b>(the \$ wtd avg of all applicable tiers)</b>

In addition to these fees, clients will also bear the embedded management costs associated with the exchange traded funds (ETFs) and mutual funds that Kerwin typically employs. Competition among ETFs in particular has been pressuring these lower over time—currently, on average, these fees amount to less than 0.25% per year on a typical client's entire portfolio. The investment products used by Kerwin are in no way proprietary in nature and clients have the option of purchasing same through other brokers or agents that are not affiliated with Kerwin.

Clients will also be responsible for paying trade commissions and any exchange fees assessed on securities trades within their account(s). Presently, Kerwin's established trade commissions at its exclusive broker/dealer, Charles Schwab & Co., Inc. (Schwab), are zero (as of 10/07/2019). Exchange fees, if and when applied (on sales only), are usually less than \$0.50 on a typical client trade. For more information on the brokerage used by Kerwin, please see [Item 12: Brokerage Practices](#), of this brochure.

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

This item is inapplicable to Kerwin Asset Management, LLC (Kerwin) as Kerwin does not charge any clients a performance-based fee.

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

Kerwin Asset Management, LLC's (Kerwin) clients are mainly individuals and high net worth individuals (including revocable, or living, trusts) and irrevocable trusts, but also include a few charitable organizations. Individuals' (including couples') assets typically include a combination of taxable and tax-advantaged accounts (traditional and Roth IRAs). Kerwin has a preferred minimum of \$250,000 for establishing and maintaining a relationship with a client, although Kerwin reserves the right in its sole discretion to waive this as a precondition. Kerwin's current average client size in terms of assets under management (AUM) is approximately \$825K.

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

As mentioned earlier, Kerwin Asset Management, LLC (Kerwin) emphasizes the use of broadly diversified exchange traded funds (ETFs) representing unique asset classes to build and manage relatively simple, low-cost, and transparent balanced portfolios for clients. The ETFs that Kerwin employs are passive index-based products which trade securities within the funds infrequently, limiting the potential for taxable distributions to shareholders, making them tax-efficient. To a lesser extent, Kerwin also uses traditional mutual funds, closed-end funds, and individual securities including both stocks and bonds. Kerwin may use options, but not without explicit and separate written client consent first. While not expressly prohibited, Kerwin typically does not: employ leverage (borrowing to invest more money), or sell securities short.

Kerwin uses a proprietary model as an initial guide to structure portfolios along a risk-profile continuum. This proprietary model uses historical monthly total-returns associated with the indexes underlying over 30 different ETFs and a matrix of the correlations of those same returns as the primary model inputs. The model's optimization results form the basis for structuring all, or nearly all-ETF model portfolios that seek to maximize total-return while limiting both the broad asset allocation and historical volatility within prescribed parameters.

Once initially structured, Kerwin then monitors client portfolios on a continuous basis along the primary objectives of total-return and risk (defined as variation of period total-returns). Kerwin will seek to make adjustments as needs and/or opportunities arise, but always within the context of the individual client's written investment policy statement (IPS). Kerwin routinely rebalances portfolios that move out of alignment with their target broad asset allocation as one means of managing risk; the typical range of "normal" is +/- 5% between the mix of equities (stocks) and fixed income (bonds and cash).

Kerwin also monitors markets and researches securities on a continuous basis to support the management of client portfolios. Kerwin uses various sources for obtaining its research, information and data, but primary among them are the Wall Street Journal, the Financial Times, BlackRock/iShares, Bloomberg, Morningstar, Charles Schwab, S&P Dow Jones, MSCI, Investor's Business Daily (IBD), and Yahoo! Finance.



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

Investment, by definition, involves risk—including the loss of principal—and Kerwin’s strategy is not exempt. Kerwin’s strategy exposes investors to market risk, market sector risk, market liquidity risk, issuer and investment style risks, credit risk, and interest rate risk. In addition, Kerwin’s emphasis on the use of ETFs exposes investors to the risk that the value of the ETFs can fall below the funds’ underlying net asset value (NAV). However, Kerwin believes that its approach of broadly diversifying investor portfolios across a wide variety of asset classes—using large and well diversified ETFs representing those asset classes—serves to mitigate these risks at the portfolio level.

With respect to ETF prices deviating from their net asset values, ETFs in particular have a unique built-in mechanism to address this risk. That mechanism is the creation and redemption process whereby Authorized Participants (APs) have the ability to buy the underlying securities and present to the ETF sponsor in exchange for shares in the ETF (creating new ETF shares—when the ETF is trading at a premium to NAV), or for the APs to present their ETF shares for an in-kind exchange of the ETF’s underlying securities (redeeming existing shares—when the ETF is trading at a discount to NAV). This process serves to provide the means and the incentive for APs to arbitrage away any significant price-to-NAV deviations that (may) develop. During times of extreme distress and dislocation in the markets, however, these ETF premiums and discounts may become pronounced.

## **Item 9            Disciplinary Information**

Kerwin Asset Management, LLC (Kerwin) is required to report and fully disclose any and all legal or disciplinary events that are material to a client’s or prospective client’s evaluation of its advisory business or the integrity of its management personnel. The list of potential disclosure items broadly includes (but is not limited to) any convictions for theft, fraud, bribery, perjury, forgery, counterfeiting, extortion and violations of securities laws by the adviser or any of its management personnel. Further, *if applicable*, this disclosure must continue for a minimum of ten years following the event. ***Kerwin has no such legal or disciplinary events to disclose.***

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## Item 10 Other Financial Industry Activities and Affiliations

Kerwin Asset Management, LLC (Kerwin) has an exclusive Affiliation Agreement with Lakeview Investment Advisors, LLC (Lakeview), a Minnesota Registered Investment Adviser. Lakeview is exclusively owned and operated by William N. Westhoff, CFA. The Affiliation Agreement began in 2010 as a means for Kerwin and Lakeview to share technology, information, and investment strategy in a confidential and collaborative way. In addition, the Affiliation Agreement provides a means for Kerwin to authorize Lakeview (and, similarly, for Lakeview to authorize Kerwin) to provide backup services to its clients in planned and unplanned situations. Kerwin and Lakeview share the same custodian and broker/dealer (Charles Schwab & Co.) and the same portfolio management system, which greatly facilitates such a back-up arrangement. The Affiliation Agreement binds both Kerwin and Lakeview with maintaining the confidentiality of client information as per their respective Client Agreements.

In 2012 Kerwin and Lakeview extended their Affiliation Agreement by entering into an ongoing Special Projects Sub-Advisory Agreement whereby Kerwin provides to Lakeview regular services relating to technology, investment operations, assistance with respect to 529 Plan accounts, and other special projects as agreed to by both Kerwin and Lakeview for fixed quarterly compensation. In part this was merely a formalization of the ongoing evolution of the affiliation, but it also extended and broadened the scope of the affiliation as it was originally executed.

In 2014 Kerwin and Lakeview extended their Affiliation Agreement again by executing an amendment whereby Kerwin began to sub-advise investment management services for select Lakeview clients—with Lakeview client consent. Kerwin and Lakeview continue to manage and service their separate client portfolios and, as needs arise (either planned or unplanned), Lakeview may be requested to serve as a back-up for Kerwin's clients and vice versa. The Amended Affiliation Agreement creates a 3<sup>rd</sup> category of clients, known as Joint-Clients, which will be Lakeview Clients sub-advised by Kerwin. Joint-Client fees will initially be collected by Lakeview and shared with Kerwin, and later collected by Kerwin and shared with Lakeview. This new category of joint-clients is designed to be a transition period for migrating select clients from Lakeview to Kerwin. Kerwin believes it has adequate capacity to handle this additional workload without creating any material conflicts of interest or compromising its existing client relationships. Kerwin strongly believes that this affiliation on the whole has been a positive benefit to Kerwin's clients.

Additional information about Lakeview Investment Advisors, LLC also is available on the SEC's website at <https://adviserinfo.sec.gov>. You can search this website by adviser name or by a unique identifying number for advisory firms, known as an IARD/CRD number. Lakeview's IARD/CRD number is **122928**.

Additional information about William N. Westhoff, Lakeview Investment Advisor, LLC's sole investment advisor representative (IAR), also is available on the SEC's website at <https://adviserinfo.sec.gov> (William N. Westhoff's individual CRD number is **1887382**). You may also learn more about William N. Westhoff from Kerwin's Form ADV, Part 2B disclosure document (aka a brochure supplement) for him—which supplement should accompany this disclosure document.

Finally, you may further research public information about both Lakeview Investment Advisors, LLC and William N. Westhoff on Lakeview's business website at [www.lakeviewadvisors.net](http://www.lakeviewadvisors.net).

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

**CFA Code of Ethics:**

**As a Chartered Financial Analyst® [CFA®] and a member of the CFA Institute, I annually attest as an individual that I abide by the CFA Institute Code of Ethics which requires that I must:**

- Act with integrity, competence, diligence, respect, and in an ethical manner with the public, clients, prospective clients, employers, employees, colleagues in the investment profession, and other participants in the global capital markets.
- Place the integrity of the investment profession and the interests of clients above their own personal interests.
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities.
- Practice and encourage others to practice in a professional and ethical manner that will reflect credit on themselves and the profession.
- Promote the integrity of, and uphold the rules governing, capital markets.
- Maintain and improve their professional competence and strive to maintain and improve the competence of other investment professionals.

The CFA Institute Code of Ethics summarized above will be provided in its entirety to any client or prospective client upon request.

**Code of Ethics:**

**In addition, as a registered investment adviser, Kerwin Asset Management, LLC (Kerwin) also attests that it will abide by its own Code of Ethics—which states that Kerwin has these responsibilities to its clients:**

- To act in a professional and ethical manner at all times
- To act for the benefit of clients
- To act with independence and objectivity
- To act with skill, competence, and diligence
- To communicate with clients in a timely and accurate manner
- To uphold the rules governing capital markets

Kerwin's complete Code of Ethics summarized above will be provided in its entirety to any client or prospective client upon request. Kerwin further requires all of its Supervised Persons, including those of its exclusive affiliate, Lakeview Investment Advisors, to annually sign and date a copy of its Code of Ethics as an acknowledgement of the firm's expectations contained therein.

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

**Participation or Interest in *Client* Transactions and Personal Trading:**

Speaking as an individual (David E. Kerwin, CFA), the basis for my investment advisory business is that I pledge to use my experience and expertise to advise and manage client accounts and portfolios as I would my own, given the same financial profile, objectives, and constraints. While each client and each client portfolio is unique, there clearly will be overlaps between some clients and myself. It is, therefore, to be expected that I may recommend to new clients that they buy or sell securities or investment products for which I have already bought or sold for my own account(s). However, consistent with Kerwin Asset Management, LLC's (Kerwin) Code of Professional Conduct, I also pledge that I will give priority to investments made on behalf of clients over those that benefit my own interests. I will always execute trade recommendations for clients first or, in the case of block trades executed at the same price for multiple clients—perhaps including my own account(s)—at the same time.

Also, all of my own accounts' trading will be conducted through a single broker/dealer, at this time Charles Schwab & Co., Inc., the same broker/dealer with whom I have established client accounts—and Kerwin will maintain records of all of my (and my immediate family members') holdings and transactions.

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## Item 12 Brokerage Practices

Kerwin Asset Management, LLC (Kerwin) utilizes a single broker/dealer and custodian for all of its clients. That single broker/dealer and custodian is presently Charles Schwab & Co., Inc. (Schwab). Schwab provides Kerwin with a world-class, secure online platform to manage multiple client portfolios efficiently and securely. Based upon its own recent research, Kerwin has predetermined that, at this time, Schwab offers an industry-best zero (\$0) commission rate for online trades for all clients and that the overall package of services provided (clearing, brokerage, custody, money movement, reporting, research and technology) is compelling to both Kerwin and its clients.

As reported in Item 5: Fees and Compensation, within this brochure, Kerwin's established trade commissions at Schwab are now zero (\$0) for online equity trades (including all manner of exchange-traded funds, or ETFs, individual stocks, and options) for all Schwab clients.

Related to the disclosure in Item 10: Other Financial Industry Activities and Affiliations, Lakeview Investment Advisors, LLC (Lakeview) also utilizes Schwab as an exclusive broker/dealer and custodian. Sharing a common broker/dealer and custodian greatly facilitates operations under the terms of our Affiliation Agreement.

*Soft Dollars:* Kerwin does not engage in the use of "soft dollar" benefits, whereby a portion of Kerwin's trading commissions would be received back by Kerwin in the form of research and/or investment-related services.

*Client Referrals:* Kerwin does not use client brokerage to compensate, or in any way reward, brokers for client referrals.

*Directed Brokerage:* Kerwin does not permit clients to direct brokerage business.

*Trade Aggregation:* As reported in Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading, Kerwin may aggregate multiple client accounts into larger "block" trades for the purposes of efficiency and fairness—ensuring that all clients receive the same execution (average price) for a given like trade. Such block trading, however, does not serve to reduce or discount related execution costs for individual clients so participating.

For additional and related information to Schwab, Kerwin's exclusive custodian and broker/dealer, see Item 15: Custody and Item 16: Investment Discretion.

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

Reviews: Client portfolio reviews will be conducted at least weekly, focusing on their continued alignment with their respective written investment policy statement (IPS) guidelines. Significant client deposits and/or withdrawals, adviser-notified changes in clients' broader financial circumstances, and significant benchmark-relative performance deviations would be cause for a special and more detailed portfolio review. If any such review reveals an issue of concern, most typically an out-of-guideline misalignment of the client investment portfolio with their respective IPS, then typically Kerwin would rebalance the portfolio to bring it back into alignment. Alternatively, if Kerwin has cause to believe that a change should be made to the clients' IPS rather than, or in addition to, rebalancing the portfolio, then Kerwin would seek to communicate with the clients to revise their IPS in a mutually agreeable way.

Reviewers: David E. Kerwin, CFA, President, Kerwin Asset Management, LLC (Kerwin) is the sole primary reviewer of all client portfolios. However, during designated back-up periods, reviews will be conducted by William N. Westhoff, CFA, President, Lakeview Investment Advisors, LLC, with whom Kerwin has an exclusive Affiliation Agreement—see Item 10: Other Financial Industry Activities and Affiliations, for more information on this subject.

Reports: Kerwin provides written quarterly investment management reports to clients detailing: 1) current portfolio valuation, 2) portfolio asset allocation, 3) portfolio (net of fees) and related benchmark performance, 4) portfolio holdings, 5) portfolio transactions for the previous quarter, and 6) calendar year-to-date realized gains and losses (for taxable accounts only).

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

As reported in Item 10: Other Financial Industry Activities and Affiliations, Kerwin Asset Management, LLC (Kerwin) has an arrangement with its exclusive affiliate, Lakeview Investment Advisors, LLC (Lakeview) whereby select Lakeview clients (only with their explicit consent) are migrated over time to becoming direct clients of Kerwin. During this client-specific approximately two-year migration process, Kerwin and Lakeview have a written agreement for sharing these joint clients' revenue. Beyond this select Lakeview-Kerwin client migration process, Kerwin has no other arrangements under which it or its related person, David Kerwin, compensates another for client referrals.

In addition, Kerwin has no arrangement under which it or its related person receives any economic benefit, including sales awards or prizes, from a person who is not a client for providing advisory services to clients.

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## Item 15      *Custody*

Kerwin Asset Management, LLC (Kerwin) utilizes an independent qualified custodian to custody client assets. Currently, that qualified custodian is Charles Schwab & Co. (Schwab). The U.S. Securities and Exchange Commission (SEC), however, in a February 2017 ‘no-action’ letter, clarified that an adviser having standing authority to move client funds may be deemed to have limited custody within the meaning of the Investment Advisers Act of 1940 Rule 206(4)-4 (the “Custody Rule”).

This recent clarification is significant because advisers who are deemed to have custody of client assets face a higher burden of scrutiny by regulators—including an onerous annual surprise examination requirement. However, the SEC also recognized a distinction between an adviser who has general custody of client assets from one who has limited custody, and provided a set of conditions, when represented to have been met, that would exempt such advisers with limited custody from the annual surprise examination requirement. ***Kerwin does so represent that it has met these conditions consistent with limited custody of client assets and, therefore, is exempt from the annual surprise examination requirement.***

By virtue of its ability to deduct its management fees directly from client accounts, Kerwin is technically deemed to have limited custody of client assets. Additionally, select clients have granted Kerwin third-party standing letters of authorization (SLOAs) to move money between their own accounts as specified by them and this is also deemed as Kerwin having limited custody of client assets. Third-party money movement in this instance is defined as a receiving account not having the identical ownership as the disbursing account (e.g. from an individual’s IRA to their joint account, or from an individual’s living trust account to their outside-held joint checking account). Note, importantly, that all such SLOA money movement is between accounts registered in the name of the client. While technically deemed limited custody, this is not the same as having general custody of client accounts. All client accounts of Kerwin are held independently at Schwab solely in the name(s) of the client(s).

The limited and specific custody given to Kerwin to deduct its quarterly management fees directly from client accounts is authorized by Kerwin’s standard Client Agreement and also separately through the client account application process at Schwab. Kerwin provides invoices relatively concurrently to both clients and Schwab before such quarterly management fee deductions are made—first to clients, second to Schwab. Additionally, the limited and specific custody granted to Kerwin by virtue of third-party SLOAs is authorized by client-executed Schwab forms where Kerwin’s clients identify the specific accounts for which they are granting such money movement authority.

For reporting transparency, Kerwin’s clients receive monthly account statements (showing all transfers and disbursements—including management fees paid to Kerwin), trade confirmations, and tax-related documents directly from Schwab. Kerwin also sends to clients quarterly investment management reports that complement the statements received directly from Schwab. Clients are urged in writing to compare the account statement(s) they receive from Schwab (their custodian) with the investment management report(s) of the same date they receive from Kerwin (their adviser).

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## **Item 16 Investment Discretion**

Kerwin Asset Management, LLC (Kerwin) operates its advisory business with complete discretion over its ability and authority to trade securities and manage client portfolios. Kerwin's Client Agreement includes a limited power of attorney which makes explicit this authorization given by the client. Kerwin's Client Agreement, including this limited power of attorney, is executed before this authority over client assets is assumed. There is no limitation on Kerwin in respect to this investment discretion authority unless stated and agreed to in writing in the form of a revision to Kerwin's standard Client Agreement, which revision Kerwin has never been requested to provide. In addition, this investment trading discretion is also separately authorized via the client account application process at Kerwin's exclusive custodian and broker/dealer, Charles Schwab & Co. (Schwab)—see [Item 12: Brokerage Practices](#).

## **Item 17 Voting Client Securities**

Kerwin Asset Management, LLC (Kerwin) does not accept authority to vote client securities. Clients receive their proxies and other security-related solicitations directly from their independent custodian (presently Charles Schwab & Co.).

Kerwin may offer unsolicited information and advice with respect to certain broad-ranging proxies and/or security solicitations. In addition, clients are welcome to contact Kerwin by phone or email with any questions they may have with respect to any such proxy or other securities-related solicitation they may receive.

## **Item 18 Financial Information**

Kerwin Asset Management, LLC (Kerwin) collects its management fees from client accounts in arrears quarterly and, therefore, is not required to provide disclosure of an audited balance sheet showing Kerwin's assets and liabilities.

Kerwin does have discretionary trading authority over client accounts, however, and as such is required to file a true and accurate balance sheet with its regulator, the Minnesota Department of Commerce, on an annual basis—Kerwin has done so most recently for the fiscal year ended 12/31/2023.

Kerwin is not aware of any financial condition that is reasonably likely to impair its ability to meet any contractual commitments to its clients. In addition, neither Kerwin nor its related person, David Kerwin, has ever been the subject of a bankruptcy petition.

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

Kerwin Asset Management, LLC (Kerwin) has a single principal executive officer, its founder David E. Kerwin, CFA. David Kerwin's formal education and business background can be found on the related Form ADV, Part 2B, brochure supplement for him—which supplement should accompany this disclosure document..

David Kerwin and Kerwin have no other business activities they are actively engaged in other than the investment supervisory services offered as part of their registered investment advisory practice described in this brochure.

Kerwin does not employ the use of any performance-based fees. Kerwin's investment advisory service fees are strictly based upon a client's total assets under management (AUM) as described in Item 5: Fees and Compensation.

In addition, Kerwin and David Kerwin have no unsatisfied judgments against them, nor have they ever been found liable in an arbitration claim, civil, self-regulatory organization, or administrative proceeding involving any of the following:

- (a) an investment or an investment-related business or activity;
- (b) fraud, false statement(s), or omissions;
- (c) theft, embezzlement, or other wrongful taking of property;
- (d) bribery, forgery, counterfeiting, or extortion; or
- (e) dishonest, unfair, or unethical practices.

Finally, Kerwin and David Kerwin have no relationships or arrangements with any issuer of securities.

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## **Appendix:      PRIVACY POLICY**

State registered investment advisers, like Kerwin Asset Management, LLC (Kerwin), who disclose any non-public personal information (NPI) of clients and/or prospective clients with any non-affiliated third parties, are required to have written policies covering the handling of confidential personal information and to provide disclosure of same to their clients and prospective clients. In addition, federal law requires that such clients and prospective clients be provided a reasonable way to limit such disclosure of their NPI to non-essential non-affiliated third parties. Kerwin has chosen a stronger policy and will not share NPI with any non-essential non-affiliated third parties without client or prospective client explicit consent.

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### **Non-Public Personal Information (NPI) Collected**

Kerwin collects select NPI provided by its clients and prospective clients. Most notably, this can include but is not limited to home address(es), telephone numbers, Social Security Numbers, date(s) of birth, financial account numbers and balances, and sources and amounts of income.

### **Parties to whom we may disclose personal or confidential information**

Kerwin will not disclose your personal or financial information to anyone unless:

- Requested to do so by a client or an authorized client representative,
- Required by law to meet regulatory requirements, audit requirements, and/or court orders,
- Required to meet the contractual obligations of your account(s), or
- Required to provide complementary services explicitly consented to by clients or prospective clients.
  - In these situations, Kerwin has contractual arrangements with third party service providers that require them to treat your information as confidential.

### **How we protect the confidentiality of current and former clients' information**

To safeguard your personal information from unauthorized access and use, we use a combination of electronic and physical security measures.

- We employ a cloud-based electronic client vault which provides encryption security and the ability to securely share and save electronic information.
- We will not include any NPI in emails and request clients do the same in their communication with us.
- Our computers are secured behind a firewall to create a barrier between them and the internet.
- All access to cloud-based client account information requires multi-factor authentication (MFA).
- We have secure office space and shred before disposing any paper containing any identifiable client information.
- Any personal information shared with non-affiliated third parties is done under a contractual obligation of confidentiality.

### **Types of confidential information disclosed to select third parties**

The same types of personal and confidential information that Kerwin collects, may be shared with select third parties either i) providing essential services to Kerwin, or ii) providing non-essential services to Kerwin, but only for those clients or prospective clients who have given their consent. As listed above, this can include but is not limited to home address(es), telephone numbers, Social Security Numbers, date(s) of birth, financial account numbers and balances, and sources and amounts of income.

### **NPI Disclosure Opt-Out**

Federal law grants you the right to limit the sharing of your NPI by opting-out. If you do not want Kerwin to share any personal information to third parties providing non-essential services to Kerwin, please contact Kerwin at [david@kerwinam.com](mailto:david@kerwinam.com).

### **Revisions to this Privacy Policy**

Kerwin may modify this Privacy Policy at any time. If modified, Kerwin will notify you by email, which will contain an electronic attachment of the new Privacy Policy and/or a link to the new Privacy Policy on Kerwin's website (<https://www.kerwinam.com>).