

# C.L. Sheldon & Company, LLC

CRD # 152582

## **ADV Part 2A, Firm Brochure Dated: January 12, 2021**

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**This Brochure provides information about the qualifications and business practices of C.L. Sheldon & Company, LLC (“C.L. Sheldon”). If you have any questions about the contents of this Brochure, please contact us at (703) 542-4000 or Curt@CLSheldon.com. 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 C.L. Sheldon & Company, LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**References herein to C.L. Sheldon & Company, LLC as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.**

## Item 2 Material Changes

Since the previous Annual Amendment filing on March 23, 2020, this ADV Part 2A, Firm Brochure has been amended as follows:

- At Items 5 and 7 to revise fee information for Financial Planning, Tax Preparation, and Financial Coaching services

**C.L. Sheldon’s Chief Compliance Officer, Curtis Sheldon, remains available to address any questions that a client or prospective client may have regarding the changes described above or any other aspect of this Brochure.**

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

- A. C.L. Sheldon is a limited liability company formed in September 2009 in the Commonwealth of Virginia. C.L. Sheldon became registered as an Investment Adviser Firm in January 2011. C.L. Sheldon is owned by Curtis Sheldon, C.L. Sheldon's Managing Member.
- B. As discussed below, C.L. Sheldon offers to its clients (generally, individuals, high net worth individuals, pension and profit sharing plans, etc.) financial planning and related consulting services, which include investment advisory services, and retirement plan consulting services.

#### **INVESTMENT ADVISORY SERVICES**

The client can engage C.L. Sheldon to provide bundled financial planning and related non-discretionary investment advisory services on a *fee only* basis. C.L. Sheldon's annual investment advisory fee is generally a flat fee included as part of an on-going service agreement.

C.L. Sheldon's bundled financial planning and investment management services are divided into two tiers: Financial Planning and Wealth Management. Financial Planning is designed to meet the needs of those clients who require asset management, standard tax, risk management and estate planning assistance. Wealth Management includes all of the features of Financial Planning, but is designed for clients with more complex investment, estate, risk management, and tax planning needs. Depending on the scope and complexity of the engagement, C.L. Sheldon will help the client determine which service tier is appropriate. In the event that the client requires extraordinary planning and/or consultation services (to be determined in the sole discretion of C.L. Sheldon), C.L. Sheldon may determine to charge for such additional services pursuant to a stand-alone *Financial Planning and Consulting Agreement* (see below).

Before engaging C.L. Sheldon to provide services that include investment advisory services, clients are required to enter into either a *Wealth Management Agreement* or *Financial Planning Agreement* with C.L. Sheldon setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the fee that is due from the client.

To commence the investment advisory process, an investment adviser representative will first ascertain each client's investment objectives and then recommend that the client allocate investment assets consistent with the designated investment objectives. Once allocated, C.L. Sheldon provides ongoing monitoring and review of account performance and asset allocation as compared to client investment objectives, and may recommend that clients rebalance accounts as necessary based on such reviews.

#### **FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)**

To the extent specifically requested by a client, C.L. Sheldon, in limited cases, may determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone separate fee basis. The terms and conditions of the engagement (including termination) shall be set forth in a *Financial Planning and Consulting Agreement* between C.L. Sheldon and the client. If requested by the client, C.L. Sheldon may recommend the services of other professionals for implementation purposes. The client is under no obligation to engage the services of any such recommended professional. The client retains

absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from C.L. Sheldon. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note:** It remains the client's responsibility to promptly notify C.L. Sheldon if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising C.L. Sheldon's previous recommendations and/or services.

### **RETIREMENT PLAN CONSULTING SERVICES**

C.L. Sheldon also provides retirement plan consulting services, pursuant to which it assists sponsors of self-directed retirement plans with the selection and/or monitoring of investment alternatives from which plan participants shall choose in self-directing the investments for their individual plan retirement accounts. In addition, to the extent requested by the plan sponsor, C.L. Sheldon shall also provide participant education designed to assist participants in identifying the appropriate investment strategy for their retirement plan accounts. The terms and conditions of the engagement (including termination) shall be set forth in a *Retirement Plan Consulting Agreement* between C.L. Sheldon and the plan sponsor.

### **TAX PREPARATION SERVICES**

To the extent requested by the client, C.L. Sheldon *may* determine to provide tax preparation services on a stand-alone, separate fee basis.

### **FINANCIAL COACHING**

Financial coaching services are designed for those who are starting out in life. Areas C.L. Sheldon addresses include budget and cash flow management, student loan repayment, and debt management, plus basic goal setting and broad based investment guidance. Investment management for non-employer sponsored plans is available at an additional fee.

### **MISCELLANEOUS**

**Limitations of Financial Planning and Non-Investment Consulting/Implementation Services.** Depending on the service level selected by a client, C.L. Sheldon may provide financial planning and related consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. either as part of its bundled Financial Planning or Wealth Management service offerings or on a standalone basis. C.L. Sheldon **does not** serve as a law firm, accounting firm, or insurance agency, and no portion of C.L. Sheldon's services should be construed as legal, accounting, or insurance services. Accordingly, C.L. Sheldon **does not** prepare estate planning documents or sell insurance products. To the extent requested by a client, C.L. Sheldon may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance agents, etc.). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation made by C.L. Sheldon or its representatives. **Please Note:** If the client engages any professional, recommend by C.L. Sheldon or otherwise, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. At all times, the engaged professional(s), and not C.L. Sheldon, shall be responsible for the quality and competency of the services provided.

**Retirement Rollovers – No Obligation / Conflict of Interest.** A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer’s plan, if permitted, (ii) roll over the assets to the new employer’s plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account (“IRA”), or (iv) cash out the account value (which could, depending upon the client’s age, result in adverse tax consequences). If C.L. Sheldon recommends that a client roll over their retirement plan assets into an account to be managed by C.L. Sheldon, such a recommendation creates a conflict of interest if C.L. Sheldon will earn a new (or increase its current) advisory fee as a result of the rollover. This conflict of interest is mitigated by the fact C.L. Sheldon’s services are generally rendered for a fixed fee that does not change based on the amount of client assets under management. Regardless, no client is under any obligation to roll over retirement plan assets to an account managed by C.L. Sheldon. **C.L. Sheldon’s Chief Compliance Officer, Curtis Sheldon, remains available to address any questions that a client or prospective client may have regarding the conflict of interest presented by such a rollover recommendation.**

**Account Aggregation Platforms.** C.L. Sheldon, in conjunction with one or more third party account aggregation platforms, may also provide periodic comprehensive reporting services which can incorporate all of the client’s investment assets, including those investment assets that are not part of the assets managed by C.L. Sheldon (the “Excluded Assets”). The client and/or their other advisors that maintain trading authority, and not C.L. Sheldon, shall be exclusively responsible for the investment performance of the Excluded Assets. Unless otherwise specifically agreed to, in writing, C.L. Sheldon’s service relative to the Excluded Assets is limited to reporting only. The sole exception to the above shall be if C.L. Sheldon is specifically engaged to monitor and/or allocate the assets within the client’s 401(k) account maintained away at the custodian directed by the client’s employer. As such, except with respect to the client’s 401(k) account (if applicable), C.L. Sheldon does not maintain any trading authority for the Excluded Assets. Rather, the client and/or the client’s designated other investment professional(s) maintain supervision, monitoring and trading authority for the Excluded Assets. If C.L. Sheldon were asked to make a recommendation as to any Excluded Assets, the client is under absolutely no obligation to accept the recommendation, and C.L. Sheldon shall not be responsible for any implementation error (timing, trading, etc.) relative to the Excluded Assets. In the event the client desires that C.L. Sheldon provide investment management services for the Excluded Assets, the client may engage C.L. Sheldon to do so pursuant to the terms and conditions of the *Wealth Management Agreement* or *Financial Planning Agreement* between C.L. Sheldon and the client. Certain account aggregation platforms also provide access to other types of information and applications including financial planning concepts and functionality, which should not, in any manner whatsoever, be construed as services, advice, or recommendations provided by C.L. Sheldon. Finally, C.L. Sheldon shall not be held responsible for any adverse results a client may experience if the client engages in financial planning or other functions available on the platform without C.L. Sheldon’s assistance or oversight.

**Non-Discretionary Service Limitations.** Clients that determine to engage C.L. Sheldon on a non-discretionary investment advisory basis must be willing to accept that C.L. Sheldon cannot effect any account transactions without obtaining prior consent to such transaction(s) from the client. Thus, in the event that C.L. Sheldon would like to make a transaction for a client’s account (including in the event of an individual holding or general market correction), and the client is unavailable, C.L. Sheldon will be unable to effect the account transaction(s) (as it would for its discretionary clients) without first obtaining the client’s consent.

**Use of Mutual Funds and Exchange Traded Funds:** While C.L. Sheldon may recommend allocating investment assets to mutual funds and exchange traded funds (“ETFs”) that are not available directly to the public, C.L. Sheldon may also recommend that clients allocate investment assets to publicly-available mutual funds and ETFs that the client could obtain without engaging C.L. Sheldon as an investment adviser. However, if a client or prospective client determines to allocate investment assets to publicly-available mutual funds and ETFs without engaging C.L. Sheldon as an investment adviser, the client or prospective client would not receive the benefit of C.L. Sheldon’s initial and ongoing investment advisory services. Other mutual funds, such as those issued by Dimensional Fund Advisors (“DFA”), are generally only available through selected registered investment advisers. C.L. Sheldon may allocate client investment assets to DFA mutual funds. Therefore, upon the termination of C.L. Sheldon’s services to a client, restrictions regarding transferability and/or additional purchases of, or reallocation among DFA funds will apply. **C.L. Sheldon’s Chief Compliance Officer, Curtis Sheldon, remains available to address any questions that a client or prospective client may have regarding the above.**

**Portfolio Activity.** C.L. Sheldon has a fiduciary duty to provide services consistent with the client’s best interest. As part of its investment advisory services, C.L. Sheldon will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including, but not limited to, investment performance, mutual fund manager tenure, style drift, and/or a change in the client’s investment objective. Based upon these factors, there may be extended periods of time when C.L. Sheldon determines that changes to a client’s portfolio are neither necessary nor prudent. Clients nonetheless remain subject to the fees described in Item 5 below during periods of account inactivity. Of course, as indicated below, there can be no assurance that investment decisions made by C.L. Sheldon will be profitable or equal any specific performance level(s).

**Trade Error Policy.** C.L. Sheldon shall reimburse accounts for losses resulting from C.L. Sheldon’s trade errors, but shall not credit accounts for such errors resulting in market gains. The gains and losses are reconciled within C.L. Sheldon’s custodian firm account and C.L. Sheldon retains the net gains and losses.

**Client Obligations.** In performing its services, C.L. Sheldon shall not be required to verify any information received from the client or from the client’s other designated professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains their responsibility to promptly notify C.L. Sheldon if there is ever any change in their financial situation or investment objectives for the purpose of reviewing/evaluating/revising C.L. Sheldon’s previous recommendations and/or services.

**Disclosure Statement.** A copy of C.L. Sheldon’s written disclosure statement as set forth on Part 2 of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the *Wealth Management Agreement*, *Financial Planning Agreement*, *Financial Planning and Consulting Agreement*, or the *Retirement Plan Consulting Agreement*.

- C. C.L. Sheldon shall provide investment advisory services specific to needs of each client. Prior to providing investment advisory services, an investment adviser representative will discuss with each client, their particular investment objective(s). C.L. Sheldon shall allocate each client’s investment assets consistent with their designated investment objective(s). Clients may, at any time, impose restrictions, in writing, on C.L. Sheldon’s services.

- D. C.L. Sheldon does not participate in a wrap fee program.
- E. As of December 31, 2020, C.L. Sheldon had \$41,943,648 in assets under management on a non-discretionary basis.

## **Item 5 Fees and Compensation**

- A. The client can determine to engage C.L. Sheldon to provide non-discretionary investment advisory services on a *fee-only* basis.

### **INVESTMENT ADVISORY SERVICES**

The client can determine to engage C.L. Sheldon to provide bundled that include financial planning and non-discretionary investment advisory services on a negotiable *fee-only* basis. For its Financial Planning service tier, C.L. Sheldon generally imposes a minimum annual fee of \$4,500, of which \$1,000 is attributable to investment management. The Wealth Management tier imposes a minimum annual fee of \$8,000, of which \$2,000 is attributable to investment management. The exact amount of a client's fee shall vary depending upon various objective and subjective factors, including but not limited to: the amount of assets to be managed; account composition; the scope and complexity of the engagement; the anticipated number of meetings and servicing needs; related accounts; future earning capacity; anticipated future additional assets; the professional(s) rendering the service(s); and negotiations with the client. As a result of these factors, similarly situated clients could pay different fees, and the services to be provided by C.L. Sheldon to any particular client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly. **ANY QUESTIONS:** C.L. Sheldon's Chief Compliance Officer, Curtis Sheldon, remains available to address any questions regarding Fee Differentials.

**Flat fees for bundled services may exceed 2.00% of the assets under C.L. Sheldon's management. Clients are advised that annual investment management fees in excess of 2.00% are higher than those charged by other investment advisors who may provide similar services.**

In the event that the client requires extraordinary financial planning and/or consultation services (to be determined in the sole discretion of C.L. Sheldon), C.L. Sheldon may determine to charge for such additional services pursuant to a stand-alone *Financial Planning and Consulting Agreement* (see below).

### **FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)**

On a very limited basis, C.L. Sheldon *may* determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone separate fee basis. C.L. Sheldon's planning and consulting fees are negotiable, but are generally \$250 on an hourly basis. Clients are generally required to remit the lesser of one-half (1/2) of the estimated fee or \$500 at the time the *Financial Planning and Consulting Services Agreement* is executed.

### **RETIREMENT PLAN CONSULTING SERVICES**

The terms and conditions of the retirement plan consulting engagement are set forth in a *Retirement Plan Consulting Agreement* between C.L. Sheldon and the plan sponsor. C.L. Sheldon charges a negotiable annual fee for retirement plan consulting services which generally ranges between 0.50% to 1.00% of plan assets depending on the size of the plan, the scope of the services requested, and the complexity of the engagement.

#### **TAX PREPARATION SERVICES**

To the extent requested by the client, C.L. Sheldon *may* determine to provide tax preparation services on a stand-alone separate flat-fee basis generally ranging between \$130 and \$1,000 depending upon the complexity of the engagement. C.L. Sheldon and the client will agree upon the specific fee before C.L. Sheldon commences tax preparation services.

#### **FINANCIAL COACHING**

Annual fees for financial coaching start at \$1,800 and are paid monthly or quarterly, as agreed upon with the client, in arrears.

- B. In certain limited cases upon specific request, clients may elect to have C.L. Sheldon's advisory fees deducted from their custodial account. C.L. Sheldon's *Wealth Management Agreement* and *Financial Planning Agreement*, along with the custodial/clearing agreement, may authorize the custodian to debit the account for the amount of C.L. Sheldon's investment advisory fee and to directly remit that management fee to C.L. Sheldon in compliance with regulatory procedures. When C.L. Sheldon bills the client directly, payment is due upon receipt of C.L. Sheldon's invoice. C.L. Sheldon shall deduct fees and/or bill clients quarterly in arrears. In the case of retirement plan consulting services, fees will be based upon the market value of the assets on the last business day of the previous quarter.
- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, C.L. Sheldon shall generally recommend that *Shareholders Service Group* serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as *Shareholders Service Group* charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed-income securities transactions). In addition to C.L. Sheldon's investment management fee, brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).
- D. C.L. Sheldon's annual investment advisory fee shall be prorated and paid quarterly, in arrears. The *Wealth Management Agreement* and/or *Financial Planning Agreement* between C.L. Sheldon and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the respective agreement. Upon termination, C.L. Sheldon shall charge the client (or in limited cases, charge the account) for the pro-rated portion of the unpaid advanced advisory fee based upon the number of days that services were provided during the billing quarter.
- E. Neither C.L. Sheldon, nor its representatives accept compensation from the sale of securities or other investment products.



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

Neither C.L. Sheldon nor any supervised person of C.L. Sheldon accepts performance-based fees.

## **Item 7 Types of Clients**

C.L. Sheldon's clients generally include individuals, pension and profit sharing plans, and high net worth individuals. C.L. Sheldon generally requires a minimum annual fee of \$4,500 for bundled services (Financial Planning and Wealth Management), \$1,000 of which is attributable to investment advisory services. The portion of the investment advisory fee attributable to investment management shall not, under any circumstances, exceed 2% of the value of assets under C.L. Sheldon's management. C.L. Sheldon, in its sole discretion, may waive or reduce this minimum annual fee requirement based upon various objective and subjective factors, including but not limited to: the amount of assets to be managed; account composition; the scope and complexity of the engagement; the anticipated number of meetings and servicing needs; related accounts; future earning capacity; anticipated future additional assets; the professional(s) rendering the service(s); and negotiations with the client. As a result of these factors, similarly situated clients could pay different fees, and the services to be provided by C.L. Sheldon to any particular client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly. **ANY QUESTIONS:** C.L. Sheldon's Chief Compliance Officer, Curtis Sheldon, remains available to address any questions regarding Fee Differentials.

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

A. C.L. Sheldon shall utilize the following methods of security analysis:

- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)

C.L. Sheldon shall utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)

**Please Note: Investment Risk.** Investing in securities involves risk of loss that clients should be prepared to bear. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by C.L. Sheldon) will be profitable or equal any specific performance level(s).

B. C.L. Sheldon's methods of analysis and investment strategies do not present any significant or unusual risks. However, every method of analysis has its own inherent risks. To perform an accurate market analysis C.L. Sheldon must have access to current/new market information. C.L. Sheldon has no control over the dissemination rate of market information; therefore, unbeknownst to C.L. Sheldon, certain analyses may be compiled

with outdated market information, severely limiting the value of C.L. Sheldon's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

C.L. Sheldon's primary investment strategies - Long Term Purchases and Short Term Purchases - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy.

- C. Currently, C.L. Sheldon primarily allocates client investment assets among various mutual funds, fixed-income securities, and/or ETFs on a non-discretionary basis in accordance with the client's designated investment objective(s).

Risks associated with these asset types include:

1. 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.
2. 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 may be caused by external factors independent of the fund's specific investments as well as due to the fund's specific investments. Additionally, each security's price will fluctuate based on market movement and emotion, which may, or may not be due to the security's operations or changes in its true value. For example, political, economic and social conditions may trigger market events which are temporarily negative, or temporarily positive.
3. 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.
4. 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.
5. Financial Risk: Excessive borrowing to finance a business' 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 a declining market value.
6. Market Risk (Systematic Risk): Even a long-term investment approach cannot guarantee a profit. Economic, political, and issuer-specific events will cause the value of securities to rise or fall. Because the value of your portfolio will fluctuate, there is a risk that you will lose money.
7. Unsystematic Risk: Unsystematic risk is the company-specific or industry-specific risk in a portfolio. The combination of systematic (market risk) and unsystematic risk is

defined as the portfolio risk that the investor bears. While the investor can do little to reduce systematic risk, he or she can affect unsystematic risk. Unsystematic risk may be significantly reduced through diversification. However, even a portfolio of well-diversified assets cannot escape all risk.

8. **Credit Risk:** Credit risk is the risk that the issuer of a security may be unable to make interest payments and/or repay principal when due. A downgrade to an issuer's credit rating or a perceived change in an issuer's financial strength may affect a security's value, and thus, impact performance. Credit risk is greater for fixed income securities with ratings below investment grade (BB or below by Standard & Poor's Rating Group or Ba or below by Moody's Investors Service, Inc.). Fixed income securities that are below investment grade involve higher credit risk and are considered speculative.
9. **Income Risk:** Income risk is the risk that falling interest rates will cause the investment's income to decline.
10. **Call Risk:** Call risk is the risk that during periods of falling interest rates, a bond issuer will call or repay a higher-yielding bond before its maturity date, forcing the investment to reinvest in bonds with lower interest rates than the original obligations.
11. **Purchasing Power Risk:** Purchasing power risk is the risk that your investment's value will decline as the price of goods rises (inflation). The investment's value itself does not decline, but its relative value does, which is the same thing. Inflation can happen for a variety of complex reasons, including a growing economy and a rising money supply. Rising inflation means that if you have \$1,000 and inflation rises 5 percent in a year, your \$1,000 has lost 5 percent of its value, as it cannot buy what it could buy a year previous.
12. **Political Risks:** Most investments have a global component, even domestic stocks. Political events anywhere in the world may have unforeseen consequences to markets around the world.
13. **Regulatory Risk:** Changes in laws and regulations from any government can change the market value of companies subject to such regulations. Certain industries are more susceptible to government regulation. Changes in zoning, tax structure or laws impact the return on these investments.
14. **Risks Related to Investment Term:** Securities do not follow a straight line up in value. All securities will have periods of time when the current price of the security is not what we believe it is truly worth. If you require us to liquidate your portfolio during one of these periods, you will not realize as much value as you would have had the investment had the opportunity to regain its value.

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as ETFs and mutual funds are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss. As such, a mutual fund or ETF client or investor may incur substantial tax liabilities even when the fund underperforms.

Shares of mutual funds are distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per-share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes in the market value of the fund's holdings. The trading prices of a mutual fund's shares can differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies can cause the shares to trade at a premium or discount to their pro-rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. While clients and investors may be able to sell their ETF shares on an exchange, ETFs generally only redeem shares directly from shareholders when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

#### **Item 9            Disciplinary Information**

C.L. Sheldon does not have any reportable disciplinary information.

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

- A. Neither C.L. Sheldon, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither C.L. Sheldon, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. C.L. Sheldon has no other relationship or arrangement with a related person that is material to its advisory business.
- D. C.L. Sheldon does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

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

- A. C.L. Sheldon maintains an investment policy relative to personal securities transactions. This investment policy is part of C.L. Sheldon's overall Code of Ethics, which serves to establish a standard of business conduct for all of C.L. Sheldon's representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of

which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, C.L. Sheldon also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by C.L. Sheldon or any person associated with C.L. Sheldon.

- B. Neither C.L. Sheldon nor any related person of C.L. Sheldon recommends, buys, or sells for client accounts, securities in which C.L. Sheldon or any related person of C.L. Sheldon has a material financial interest.
- C. C.L. Sheldon and/or representatives of C.L. Sheldon *may* buy or sell securities that are also recommended to clients. This practice may create a situation where C.L. Sheldon and/or its representatives are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as “scalping” (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if C.L. Sheldon did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, “front-running” (i.e., personal trades executed prior to those of C.L. Sheldon’s clients) and other potentially abusive practices.

Given the above, no representative of C.L. Sheldon may effect for himself or herself or for his or her immediate family (i.e., spouse, minor children, and adults living in the same household as the officer, director, or employee, and trusts for which the employee serves as a trustee or in which the employee has a beneficial interest) (collectively “Covered Persons”) any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of C.L. Sheldon’s clients, unless in accordance with the following procedures:

If C.L. Sheldon is purchasing or considering for purchase any exchange listed security on behalf of C.L. Sheldon’s clients, no Covered Person may transact in that security prior to the client purchase having been completed by C.L. Sheldon, or until a decision has been made not to purchase the security on behalf of the client; and

If C.L. Sheldon is selling or considering the sale of any exchange listed security on behalf of C.L. Sheldon’s clients, no Covered Person may transact in that security prior to the sale on behalf of the client having been completed by C.L. Sheldon or until a decision has been made not to sell the security on behalf of the client.

### ***Exceptions***

This investment policy has been established recognizing that some securities being considered for purchase and sale on behalf of C.L. Sheldon’s clients trade in sufficiently broad markets to permit transactions to be completed without any appreciable impact on the markets of the securities, and, therefore, under certain circumstances, exceptions may be made to the policies stated above per the authorization of the Chief Compliance Officer, who has been designated by C.L. Sheldon to address any prospective exceptions; and

Open-end mutual funds and/or the investment subdivisions which may comprise a variable insurance product are purchased or redeemed at a fixed net asset value price per share specific to the date of purchase or redemption. As such, transactions in open-end mutual

funds and/or variable insurance products by Covered Persons are not likely to have an impact on the prices of the fund shares in which clients invest, and are therefore not prohibited by C.L. Sheldon's Investment policy.

- D. C.L. Sheldon and/or representatives of C.L. Sheldon *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where C.L. Sheldon and/or representatives of C.L. Sheldon are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11 C, C.L. Sheldon has an investment policy in places of each of C.L. Sheldon's Covered Persons.

## **Item 12      Brokerage Practices**

- A. In the event that the client requests that C.L. Sheldon recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct C.L. Sheldon to use a specific broker-dealer/custodian), C.L. Sheldon generally recommends that investment management accounts be maintained at *Shareholders Service Group*. Prior to engaging C.L. Sheldon to provide investment management services, the client will be required to enter into a formal *Wealth Management Agreement* and/or *Financial Planning Agreement* with C.L. Sheldon setting forth the terms and conditions under which C.L. Sheldon shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that C.L. Sheldon considers in recommending *Shareholders Service Group* (or any other broker-dealer/custodian to clients) include historical relationship with C.L. Sheldon, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by C.L. Sheldon's clients shall comply with C.L. Sheldon's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where C.L. Sheldon determines, in good faith, that the commission/transaction fee is reasonable. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although C.L. Sheldon will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, C.L. Sheldon's investment management fee. C.L. Sheldon's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

### **1. Non-Soft Dollar Research and Benefits**

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, C.L. Sheldon may receive from *Shareholders Service Group* (or another broker-dealer/custodian, investment platform, unaffiliated investment manager, mutual fund sponsor, or vendor) without cost (and/or at a discount) support services and/or products, certain of which assist C.L. Sheldon to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by C.L.

Sheldon may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by C.L. Sheldon in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that *may* be received may assist C.L. Sheldon in managing and administering client accounts. Others do not directly provide such assistance, but rather assist C.L. Sheldon to manage and further develop its business enterprise.

C.L. Sheldon's clients do not pay more for investment transactions effected and/or assets maintained at *Shareholders Service Group* as a result of this arrangement. There is no corresponding commitment made by C.L. Sheldon to *Shareholders Service Group* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

**C.L. Sheldon's Chief Compliance Officer, Curtis Sheldon, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding conflicts of interest such arrangement creates.**

2. C.L. Sheldon does not receive referrals from broker-dealers.
3. C.L. Sheldon does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and C.L. Sheldon will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by C.L. Sheldon. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

**Please Note:** In the event that the client directs C.L. Sheldon to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through C.L. Sheldon. Higher transaction costs adversely impact account performance. **Please Also Note:** Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts.

**C.L. Sheldon's Chief Compliance Officer, Curtis Sheldon, remains available to address any questions that a client or prospective client may have regarding the above arrangement.**

- B. To the extent that C.L. Sheldon provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless C.L. Sheldon decides to purchase or sell the same securities for several clients at approximately the same time. C.L. Sheldon may (but is not obligated to) combine or “bunch” such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among C.L. Sheldon’s clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. C.L. Sheldon shall not receive any additional compensation or remuneration as a result of such aggregation.

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

- A. For those clients to whom C.L. Sheldon provides investment supervisory services, account reviews are conducted on an ongoing basis by Mr. Sheldon. All investment advisory clients are advised that it remains their responsibility to advise C.L. Sheldon of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with C.L. Sheldon on an annual basis.
- B. C.L. Sheldon *may* conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. C.L. Sheldon may also provide a written periodic report summarizing account activity and performance.

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

- A. As referenced in Item 12.A.1., C.L. Sheldon may receive indirect economic benefits from *Shareholders Service Group* including support services and/or products without cost (and/or at a discount).

C.L. Sheldon’s clients do not pay more for investment transactions effected and/or assets maintained at *Shareholders Service Group* as a result of this arrangement. There is no corresponding commitment made by C.L. Sheldon to *Shareholders Service Group* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

**C.L. Sheldon’s Chief Compliance Officer, Curtis Sheldon, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding conflicts of interest any such arrangement creates.**

- B. C.L. Sheldon does not compensate, directly or indirectly, any person other than its representatives for client referrals.



## **Item 15      Custody**

C.L. Sheldon generally does not retain the ability to directly debit its fees from client accounts. However, in certain limited circumstances and upon client request, C.L. Sheldon may accept the ability to have its advisory fee for each client debited by the custodian. Such clients will be provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. C.L. Sheldon may also provide a written periodic report summarizing account activity and performance.

**Please Note:** To the extent that C.L. Sheldon provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by C.L. Sheldon with the account statements received from the account custodian. **Please Also Note:** The account custodian does not verify the accuracy of C.L. Sheldon's advisory fee calculation.

## **Item 16      Investment Discretion**

C.L. Sheldon does not provide investment advisory services on a discretionary basis.

## **Item 17      Voting Client Securities**

- A. C.L. Sheldon does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.
- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact C.L. Sheldon to discuss any questions they may have with a particular solicitation.

## **Item 18      Financial Information**

- A. C.L. Sheldon does not solicit fees of more than \$500, per client, six months or more in advance.
- B. C.L. Sheldon does not provide discretionary authority over client accounts, and therefore does not have any financial condition that may impair its ability to meet contractual commitments relating to discretionary authority over client accounts.
- C. C.L. Sheldon has not been the subject of a bankruptcy petition at any time during the last ten (10) years.

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

- A. Curtis Sheldon is the sole-owner of C.L. Sheldon & Company, LLC. Please refer to the ADV Part 2B, Brochure Supplement for more information about Mr. Sheldon.
- B. C.L. Sheldon is not actively engaged in any other business except as described above.
- C. Neither C.L. Sheldon nor its representatives accept performance based fees.
- D. C.L. Sheldon does not have any reportable arbitration claims, nor does it have any reportable civil, self-regulatory organization or administrative proceeding awards.
- E. Neither C.L. Sheldon, nor its representatives, have any relationship or arrangement with any issuer of securities.

**ANY QUESTIONS: C.L. Sheldon's Chief Compliance Officer, Curtis Sheldon, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**

**Item 1 Cover Page**

A.

**Curtis Lee Sheldon**

**C. L. Sheldon & Company, LLC**

**ADV Part 2B, Brochure Supplement**

**Dated: January 12, 2021**

Curtis Sheldon, Chief Compliance Officer

1800 Diagonal Road, Suite 600

Alexandria, Virginia 22314

Email: Curt@CLSheldon.com

Website: CLSheldon.com

B.

**This Brochure Supplement provides information about Curtis Lee Sheldon that supplements the C.L. Sheldon & Company, LLC Brochure. You should have received a copy of that Brochure. Please contact Curtis Sheldon, Chief Compliance Officer, at 703-542-4000 or Curt@CLSheldon.com if you did *not* receive C.L. Sheldon & Company's Brochure or if you have any questions about the contents of this Brochure Supplement.**

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

**Item 2 Education Background and Business Experience**

Curtis Sheldon was born in 1961. Mr. Sheldon received a Masters in Business Administration (MBA) in Individual Financial Planning from City University of Seattle in 1996. He additionally holds a Masters Degree in Strategic Studies from Air University, which he received in 2005. He received his Bachelors of Science in Management and Finance from the United States Air Force Academy in 1983.

Mr. Sheldon has been the Managing Member of C.L. Sheldon and Company since September 2009 and an investment adviser representative of C.L. Sheldon and Company since November of 2010. Mr. Sheldon has been an independent consultant and small business owner since June of 2010. Prior to that, Mr. Sheldon was in the United States Air Force from June 1983 until June 2010.

Mr. Sheldon has been a CERTIFIED FINANCIAL PLANNER™ since February 2014. Certified Financial Planner Board of Standards, Inc. (“CFP Board”) owns the CFP® certification mark, the CERTIFIED FINANCIAL PLANNER™ certification mark, and the CFP® certification mark (with flame design) logo in the United States (these marks are collectively referred to as the “CFP® marks”). The CFP Board authorizes use of the CFP® marks by individuals who successfully complete the CFP Board’s initial and ongoing certification requirements.

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 86,000 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 a 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 or an accepted equivalent, including completion of a financial plan development capstone course, and attain a Bachelor’s Degree from an accredited college or university. CFP Board’s financial planning subject areas include professional conduct and regulation, general principles of financial planning, education planning, risk management and insurance planning, investment planning, income tax planning, retirement savings and income planning, and estate planning;
- Examination – Pass the comprehensive CFP® Certification Examination. The examination, administered in 6 hours, 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 – CFP Board requires 6,000 hours of experience through the Standard Pathway, or 4,000 hours of experience through the Apprenticeship Pathway that meets additional requirements ; and
- Ethics – Agree to be bound by CFP Board’s *Code of Ethics and Standards of Conduct*, which put clients’ interest first; acknowledge CFP Board’s right to enforce them through its *Disciplinary Rules and Procedures*; comply with the *Financial Planning Practice Standards* which determine what clients should reasonably expect from the financial planning engagement and complete a CFP® Certification Application which requires disclosure of an individual’s background, including involvement in any criminal, civil, governmental, or self-regulatory agency proceeding or inquiry, bankruptcy, customer complaint, filing, termination/internal reviews conducted by the individual’s employer or firm.

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 accepted by the CFP Board 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 – CFP® professionals agree to adhere to the high standards of ethics and practice outlined in CFP Board’s Code of Ethics and Standards of Conduct and to acknowledge CFP Board’s right to enforce them through its Disciplinary Rules and Procedures. The Code of Ethics and Standards of Conduct require that CFP Professionals provide financial planning services in the best interests of their clients.
- Certification Application – Properly complete a Certification Application to (i) acknowledge voluntary adherence to the terms and conditions of certification with CFP Board and (ii) disclose any involvement in criminal and civil proceedings, inquiries or investigations, bankruptcy filings, internal reviews and customer complaints.

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.

You may verify an individual's CFP® certification and background through the CFP Board. The verification function will allow you to verify an individual’s certification status, CFP Board’s disciplinary history and any bankruptcy disclosures in the past ten years. Additional regulatory information may also be found through FINRA’S BrokerCheck and the SEC’s Investment Adviser Public Disclosure databases, which are free tools that may be used to conduct research on the background and experience of CFP® professionals and those who held CFP® certification at one time, including with respect to employment history, regulatory actions, and investment-related licensing information, arbitrations, and complaints.

Mr. Sheldon became an ACCREDITED INVESTMENT FIDUCIARY® (AIF®) in 2012. The AIF Designation certifies that the recipient has specialized knowledge of fiduciary standards of care and their application to the investment management process. To receive the AIF Designation, the individual must meet prerequisite criteria based on a combination of education, relevant industry experience, and/or ongoing professional development, complete a training program, successfully pass a comprehensive, closed-book final examination under the supervision of a proctor and agree to abide by the Code of Ethics and Conduct Standards. In order to maintain the AIF Designation, the individual must annually attest to the Code of Ethics and Conduct Standards, and accrue and report a minimum of six hours of continuing education. The Designation is administered by the Center for Fiduciary Studies, the standards-setting body of fi360.

Mr. Sheldon has held the designation of Enrolled Agent (EA) since 2012. Enrolled Agent (EA) is a tax professional who has passed a series of IRS examinations covering all aspects of taxation, plus passed an IRS background check. The examinations (called the Special Enrollment Examination) cover all aspects of federal tax law, including the taxation of individuals, corporations, partnerships, and various regulations governing IRS collections and audit procedures. Like CPAs and tax attorneys, EAs can handle any type of tax matter and represent their client's interests before the IRS. Unlike CPAs and tax attorneys, Enrolled Agents are tested directly by the IRS, and enrolled agents focus exclusively on tax accounting. The "EA" designation may be revoked by the IRS' Office of Professional Responsibility for malpractice.

### **Item 3 Disciplinary Information**

None.

**Item 4 Other Business Activities**

- A. Mr. Sheldon is not actively engaged in any other investment-related business or occupation.
- B. Mr. Sheldon is not actively engaged in any non-investment-related business or occupation for compensation.

**Item 5 Additional Compensation**

Mr. Sheldon does not receive compensation from any person other than his clients for providing advisory services.

**Item 6 Supervision**

Mr. Sheldon is the sole member of C.L. Sheldon. As Managing Member and Chief Compliance Officer, Mr. Sheldon oversees his own business operations and trading practices consistent with applicable regulatory requirements. His contact number is (703) 542-4000.

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

- A. Mr. Sheldon has never been involved in an arbitration proceeding or a civil, self-regulatory, or administrative proceeding.
- B. Mr. Sheldon has not been subject of any bankruptcy petition.