



**FORM ADV Part 2A  
March 1st 2024**

---

This brochure provides information about the qualifications and business practices of Cote Financial Management, LLC [CFM]. If you have any questions about the contents of this brochure, please contact us at (978)767-9501. 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, but has been sent to the Securities and Exchange Commission and the state of Massachusetts.

Cote Financial Management is a registered investment advisor. Registration as an investment advisor does not imply any level of skill or training. The oral and written communications of an advisor provide you with information from which you can determine whether to hire or retain an advisor.

## Item 2 Material Changes

In 2010 the SEC required significant changes to the content and format of Part 2 of Form ADV beginning in the year 2011.

In 2023, Cote Financial Management had no material changes to report.

Currently, our brochure may be requested by contacting Steven Cote at (978) 767-9501 or via email at [steve@cfm.services](mailto:steve@cfm.services).

## Item 3 Table of Contents

Item 1 – Cover Page.....	i
Item 2 – Material Changes.....	ii
Item 3 – Table of Contents.....	iii
Item 4 – Advisory Business.....	4
Item 5 – Fees and Compensation.....	4
Item 6 – Performance Base Fees and Side-By-Side Management.....	5
Item 7 – Types of Clients.....	5
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss.....	5 & 6
Item 9 – Disciplinary Information.....	6
Item 10 – Other Financial Industry Activities and Affiliations.....	6
Item 11 – Code of Ethics.....	7 & 8
Item 12 – Brokerage Practices.....	8
Item 13 – Review of Accounts.....	9
Item 14 – Client Referrals and Other Compensation.....	9
Item 15 – Custody.....	9
Item 16 – Investment Discretion.....	9
Item 17 – Voting Client Securities.....	10
Item 18 – Financial Information.....	10
Item 19 – Requirements for SEC and State-Registered Advisers.....	10
Exhibit 1 – Fee Table	

## Item 4 Advisory Business

### Description of Advisory Firm

Cote Financial Management, LLC. [CFM] is a fee-only financial advisory firm. It was Incorporated in 2010 and the principal owner is Stephen M. Cote.

CFM provides non-discretionary investment advisory services and furnishes financial planning advice, not specifically involving securities, through an integrated/conceptual written personal financial plan. Clients are advised to a conceptual asset allocation and selection of appropriate investment choices. All recommendations are based on interactive consultation with clients based on needs and goals. Preserving client capital is of paramount importance to CFM. Accordingly, the firm employs a disciplined approach to holding a diversified portfolio of asset classes based on client risk level. By investing in a diversified basket of asset classes, our aim is to provide a smoother and more stable growth, over the long run versus a less diversified portfolio. Thus by employing this strategy, we help protect our clients during periods of market downturn by reducing overall volatility. Clients may impose restriction on investing in certain securities or types of securities.

As of 12/31/2023, CFM manages approximately \$120,000,000 of assets on a non-discretionary basis.

## Item 5 Fees and Compensation

Clients pay an annual fee, typically, of 1.0% of portfolio market value for Client assets below \$2,500,000 for asset based fees. Fees are negotiable when assets exceed \$2,500,000 or when a client is an accredited investor. All fees are set at the discretion of CFM. The fee will be charged monthly or quarterly in arrears on the basis of the annual rate applied against end of the month or quarter valuation. An investment advisory agreement may be terminated on 30 days written notice by either the client or by CFM. If an advisory agreement is terminated, CFM's compensation shall be determined as though the date of termination were a quarterly valuations date, and shall be payable on a pro-rata basis for the last quarter during which CFM had served. Fees may range between .50% and 2.0% of assets under management depending on asset composition. In addition to CFM's advisory fee, clients may incur small transaction costs from our custodian, Charles Schwab.

CFM has the ability to use no-load funds or funds that have minor or no transaction charges. CFM utilizes the best funds available for the client's portfolio and receives no commissions or fees from the mutual funds we select. Mutual Funds 12-b-1 fees per prospectus on all affiliated accounts. In addition, CFM receives no commissions on any investment recommendations.

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

The advisory fees invoiced by CFM represent fees for advisory services only. CFM does not charge performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client). CFM does not and will not have custody of clients' funds or securities.

## **Item 7 Types of Clients**

CFM provides advisory services to individuals, trusts, estates, charitable organization, pension and profit sharing plans and business entities. Typical financial planning clients of CFM are expected to qualify with a net worth in excess of \$500,000. However, at the discretion of the firm, exceptions may be made.

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

CFM measures investors risk tolerance, goals, and time horizon through an in-depth interview and client data completed in our questionnaire. CFM will then determine an appropriate investment strategy or financial plan that is customized and best suited to fit the client's goals and needs. After CFM evaluates the clients financial needs, CFM will design an investment and risk management strategy to help the client achieve his or her financial goals.

CFM's investment recommendations reflect certain principles, standards and consider all accounts as a single integrated portfolio. CFM offers investment management strategies based on asset allocation and efficient frontier portfolio optimization. CFM makes recommendations to diversify a client's portfolio across several asset classes. The concept of asset allocation is at the forefront of our strategies. Asset allocation seeks to achieve the most efficient diversification of assets, while lowering the risk of the portfolio without sacrificing the effectiveness of the portfolio to yield the client's objectives.

The major asset classes CFM commonly recommends are U.S. Large Capitalization Stocks, U.S. Mid Capitalization Stocks, US Small Capitalization Stocks, Foreign Stocks, Alternative Asset Classes and Strategies, Short and Intermediate Fixed Income Securities, Cash and Cash Equivalents. Excluding retirement plan investment options, we generally recommend mutual funds or Exchange-Traded Funds (ETF's) that represent either an index or managed portfolio of individual securities diversified within the target asset class. When recommending a specific fund, here are some of our criteria: expense ratio, performance, style, tenure, market capitalization, turnover ratio, and inception.

CFM uses fundamental security data, in addition to the standard financial newspapers and trade magazines, the firm maintains various subscriptions to both print and software based research services, such as Dow Jones News, Morningstar, Standard & Poor's, numerous internet investment websites, and an informal network of access to trader, market makers, and other investment advisors.

Regarding mutual fund management, CFM utilizes state of the art investment analysis software. The software serves as the basis for a multiple screening process which results in a portfolio optimization along the efficient frontier and correlation with the individual client risk assessment.

Investing in securities involves risk of loss that clients should be prepared to bear. Such risks include market risk, interest rate risk, currency risk, political risk, etc. In addition, frequent trading of securities can affect investment performance particularly through increased brokerage and other transactions. Each client's propensity for risk however is thoroughly evaluated, documented, and considered throughout the portfolio implementation process. CFM in no way guarantees performance or results.

## **Item 9 Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to the evaluation of CFM or the integrity of CFM's management. During the transition over from a registered representative at a Broker/Dealer to a Registered Investment Advisor (RIA), CFM's licence was temporarily suspended, for less than two weeks, due to an administrative issue stemming from a contract with former employer. Once corrected issue was resolved immediately.

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

CFM is engaged in fee only financial planning and does not participate in any other industry business activities.

CFM utilizes The Schwab Institutional division of Charles Schwab & Co., Inc., a registered broker dealer, to maintain custody of client assets to effect trades for their accounts. Schwab provides CFM access to its institutional trading and operating services, which are typically not available to their retail investors. Schwab's services include research, brokerage, custody, access to mutual funds and other investments that are otherwise available only to institutional investors or would require a significantly higher minimum initial investment. Schwab also makes available to CFM other products and services that benefit the firm but may not benefit clients' accounts.

Some of these other products and services assist CFM in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution, provide research, pricing information and other market data, facilitate payment of CFM's fees from its clients' accounts, and assist with back office support, record keeping, and client reporting. Schwab may also provide CFM with other services intended to help CFM manage and further develop its business enterprise. These services may include consulting, publications and presentations on practice management, information technology, regulatory compliance, and marketing. In addition, Schwab may make available, arrange and/or pay for these services to CFM by independent third parties.

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

All information provided by clients to CFM and information and advice furnished by CFM to clients, shall be treated as confidential and not disclosed to non affiliated third parties, except as permitted by clients or as required by a role, regulation or Law of any regulatory or self- regulatory organization to which CFM or its associated persons may be subject. Former clients receive the same privacy protection as current clients.

Clients are welcome to contact CFM with any questions or concerns relating to privacy.

CFM abides by the Certified Financial Planners Board's Code of Ethics and Professional Responsibility (below):

### Code of Ethics and Professional Responsibility

CFP Board adopted the Code of Ethics to establish the highest principles and standards. These Principles are general statements expressing the ethical and professional ideals certificants and registrants are expected to display in their professional activities. As such, the Principles are aspirational in character and provide a source of guidance for certificants and registrants. The Principles form the basis of CFP Board's Rules of Conduct, Practice Standards and Disciplinary Rules, and these documents together reflect CFP Board's recognition of certificants' and registrants' responsibilities to the public, clients, colleagues and employers.

**Principle 1 – Integrity:** Provide professional services with integrity.

Integrity demands honesty and candor which must not be subordinated to personal gain and advantage. Certificants are placed in positions of trust by clients, and the ultimate source of that trust is the certificant's personal integrity. Allowance can be made for innocent error and legitimate differences of opinion, but integrity cannot co-exist with deceit or subordination of one's principles.

**Principle 2 – Objectivity:** Provide professional services objectively.

Objectivity requires intellectual honesty and impartiality. Regardless of the particular service rendered or the capacity in which a certificant functions, certificants should protect the integrity of their work, maintain objectivity and avoid subordination of their judgment.

**Principle 3 – Competence:** Maintain the knowledge and skill necessary to provide professional services competently.

Competence means attaining and maintaining an adequate level of knowledge and skill, and application of that knowledge and skill in providing services to clients. Competence also includes the wisdom to recognize the limitations of that knowledge and when consultation with other professionals is appropriate or referral to other professionals necessary. Certificants make a continuing commitment to learning and professional improvement.

**Principle 4 – Fairness:** Be fair and reasonable in all professional relationships. Disclose conflicts of interest.

Fairness requires impartiality, intellectual honesty and disclosure of material conflicts of interest. It involves a subordination of one's own feelings, prejudices and desires so as to achieve a proper balance of conflicting interests. Fairness is treating others in the same fashion that you would want to be treated.

**Principle 5 – Confidentiality:** Protect the confidentiality of all client information.

Confidentiality means ensuring that information is accessible only to those authorized to have access. A relationship of trust and confidence with the client can only be built upon the understanding that the client's information will remain confidential.

**Principle 6 – Professionalism:** Act in a manner that demonstrates exemplary professional conduct.

Professionalism requires behaving with dignity and courtesy to clients, fellow professionals, and others in business-related activities. Certificants cooperate with fellow certificants to enhance and maintain the profession's public image and improve the quality of services.

**Principle 7 – Diligence:** Provide professional services diligently.

Diligence is the provision of services in a reasonably prompt and thorough manner, including the proper planning for, and supervision of, the rendering of professional services.

At times, Officers and employees of the applicant may, from time to time, buy or sell some of the same securities (usually mutual funds and exchange traded funds) that it recommends to its clients. These transactions are executed in full compliance with the investment advisors act of 1940. CFM will not permit insider trading. As a matter of firm policy, trades of affiliated persons are not knowingly executed before customer's orders.

## **Item 12 Brokerage Practices**

CFM utilizes The Schwab Institutional division of Charles Schwab & Co., Inc., a registered broker dealer, to maintain custody of client assets to effect trades for their accounts. Schwab provides CFM access to its institutional trading and operating services, which are typically not available to their retail investors. Schwab's services include research, brokerage, custody, access to mutual funds and other investments that are otherwise available only to institutional investors or would require a significantly higher minimum initial investment. Schwab also makes available to CFM other products and services that benefit the firm but may not benefit clients' accounts.

Some of these other products and services assist CFM in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution, provide research, pricing information and other market data, facilitate payment of CFM's fees from its clients' accounts, and assist with back office support, record keeping, and client reporting. Schwab may also provide CFM with other services intended to help CFM manage and further develop its business enterprise. These services may include consulting, publications and presentations on practice management, information technology, regulatory compliance, and marketing. In addition, Schwab may make available, arrange and/or pay for these services to CFM by independent third parties.



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

CFM reviews its accounts on no less than a quarterly basis. The review may range from daily supervision of trades, monthly statement reviews and account information, to complete update of financial plan, as needed. Managed account clients portfolios are reviewed quarterly with rebalancing to the model as recommended by CFM. Reviews are also triggered by changes in tax laws, the client's individual situation, economic conditions, or at the client request. The reviewers are Certified Financial Planners or Registered Investment Advisor Agents.

Monthly reports, which are statements of position and asset allocation, are supplemented by either annual or quarterly performance measurements. These reports are generated from the custodian, Charles Schwab Inc. CFM also utilizes its own third party reporting to increase visibility to client portfolio management (i.e cash flow reporting, bond maturities, etc...). At the clients' request, an interim report may be produced. Generally, telephone and/or e-mail communication occurs between client and advisor as needed. Most clients meet with an advisor on either a quarterly, semi-annual, or annual basis.

All investment advisory and financial planning clients are advised that it remains their responsibility to advise CFM of any changes in their investment objectives and/or financial situation. All clients are encouraged to comprehensively review financial planning issues (to the extent applicable), investment objectives and account performance with CFM on at least on an annual basis, as applicable.

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

CFM receives no compensation for client referrals. In cases where a client is introduced to CFM through a third party, the introducing party receives or may receive payment for the introduction as described in their written agreement with CFM and as disclosed in advance to the prospective client. The payment or fee is paid by CFM and not by the client.

### **Item 15 Custody**

CFM does not accept custody of client funds, but rather generally recommends a third party custodian, Charles Schwab Institutional, to hold and maintain client assets. CFM urges all clients to carefully review custodial statements and compare to the account reports that we provide.

### **Item 16 Investment Discretion**

CFM does not accept discretionary authority from any client accounts. Each client investment transaction must be authorized by the client. When making recommendations however, CFM observes the written investment policies, limitations and restrictions of the clients for which it advises.

## Item 17 Voting Client Securities

As a matter of firm policy and practice, CFM does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. CFM may provide advice to clients regarding the clients' voting of proxies.

## Item 18 Financial Information

Registered investment advisers are required in some cases to provide certain financial information and or disclosures about financial condition. For example, if the firm requires prepayment of fees for six months in advance, has custody of client funds, or has a condition that is reasonably likely to impair its ability to meet its contractual commitments to its clients, it must make provide financial information and make disclosures.

CFM has no financial or operating conditions which trigger such additional reporting requirements, and has not been the subject of a bankruptcy proceeding.

## Item 19 Requirements for SEC and State-Registered Advisers

State registered investment advisers are required in this Item to identify the principal executive officer(s) and their background. As the President and Founder of CFM, Stephen M. Cote oversees the financial planning process and management of the firm. He spends the majority of his time serving existing clients, but also focuses his efforts towards serving new clients in a secondary role supporting CFM. Mr. Cote is actively engaged in Cote Financial Management and devotes a 100% percent of his time to the business. Prior to starting CFM, Stephen served as a Vice President of Wealth Management at Citigroup Smith Barney {12/2007 – 11/2009} and UBS Financial Services {3/2001-12/2007}. Steve holds a B.S. in Finance from Merrimack College and is a CERTIFIED FINANCIAL PLANNER™ practitioner.

Stephen M. Cote; DOB 3/6/1970; Merrimack College, B.S. Finance, 1993; College of Financial Planning - Washington D.C. 2006, Certified Financial Planner (CFP); 02/1998-03/2001 Director of Operations, Liz Claiborne/Sigrid Olsen; 3/2001-12/2007 Asst. Vice President of Wealth Management, UBS Financial Services; 12/2007-11/2009 Vice President of Wealth Management, Citigroup SmithBarney; 2/2010-present President, Cote Financial Management, LLC.



### Table of Fees for Services

Carefully read item 4 and item 5 of Form ADV Part 2A (“Brochure”), as these sections of the Brochure contain important details about Cote Financial Management advisory services and fees. Fees [may be/are not] negotiable. The fees below will only apply to you when you request the services listed.

Fees Charged by Investment Adviser	Fee Amount		Frequency Fee is Charged	Services
Assets Under Management Fee	\$0 - \$1,500,000 \$1,500,000 - \$2,500,000 \$2,500,000 - \$5,000,000 Above > \$5,000,000	1.00% 0.90% 0.80% 0.70%	Quarterly or Monthly Per Agreement	Portfolio Management for Ind/Small Businesses; and Financial Planning Services
Hourly Fee	\$350		As Needed	Negotiable
Subscription Fee	N/A			
Fixed Fee	N/A			
Commissions to the Adviser	N/A			
Performance-based Fee	N/A			
Other				
Fees Charged by Third Parties	Fee Amount		Frequency Fee is Charged	Services
Third Party Money Manager	N/A			
Robo-Adviser Fee	N/A			
<b>Talk with your Adviser about fees and costs applicable to you</b>				

### Additional fees and costs to discuss with your Adviser

Additional Fee/Cost	Yes/No	Paid To
Brokerage Fees	No	
Commissions	No	
Custodian Fees	No	
Mark-ups	No	
Mutual Fund/ETF Fees and Expenses	Yes	Mutual Fund and ETF Managers