

FORM ADV Uniform Application for Investment Adviser Registration

Part 2A: Investment Adviser Brochure

Item 1: Cover Page

Wernau Asset Management, Inc.



WERNAU ASSET MANAGEMENT

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CRD # 129473

January 2019

This brochure provides information about the qualifications and business practices of Wernau Asset Management, Inc. If you have any questions about the contents of this brochure, please contact us at the phone number listed above. 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. Please note, where this brochure may use the terms "registered investment adviser" and/or "registered", registration itself does not imply a certain level of skill or training. Additional information about the firm and its representatives is also available on the SEC's website at www.adviserinfo.sec.gov

Item 2: Material Changes

Updates to the information contained within this brochure will be provided to clients on an immediate basis. This section will be updated to reflect such changes in a summary form. We have reflected the change of standard investment management fees for assets under management fees at 1.50% for assets up to \$25 Million and indicated that lower fees may be negotiated depending on client scope, complexity and circumstances on a case by case basis. Should you have any questions related to these disclosures, please contact a firm representative at your convenience. Additional information about the firm and its representatives is also available on the SEC's website at www.adviserinfo.sec.gov

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Item 4: Advisory Business

Wernau Asset Management, Inc. ("Wernau") provides fee-based discretionary and non-discretionary investment advice and portfolio management services to individuals, high net-worth individuals, trusts, estates, charitable organizations, corporations and other business entities. Alternately, Wernau offers consulting services on an hourly or fixed fee basis. Prior to engaging the firm for services, clients are required enter a written agreements with the firm setting forth the terms and conditions in which Wernau renders its services.

The firm's portfolio management services are provided in accordance with the client's investment objectives. Consulting services are offered on an hourly basis, negotiable in advance, and dependent upon the scope and complexity of the engagement. Services offered may include comprehensive evaluation and recommendations in the following areas:

- Quarterly, Semi-Annual, or Annual Reviews
- Present Net-Worth Evaluation,
- Tax Liability Estimate
- Cash Flow and Budgeting
- Education Planning
- Retirement Analysis
- Qualified Retirement Plan Review
- Life Insurance Review
- Surviving Spouse Requirements
- Estate Analysis
- Financial Planning Review of Wills and Trusts (does not include tax or legal)
- Revised Analytical Reports
- Review of Buy/Sell Agreements and Other Consulting Services

To the extent specifically requested by a client, Wernau may provide limited consultation services for a fee to its clients on investment and non-investment related matters. For example, the firm may render non-discretionary investment management services to clients relative to:

- (1) Variable life annuity products that they may own, and/or
- (2) Their individual employer sponsored retirement plans.

In doing so, Wernau either directs or recommends the allocation of client assets among the various mutual fund subdivisions that comprise the variable life annuity product or the retirement plan. The client assets shall be maintained at either the specific insurance company that issued the variable life annuity product which is owned by the client, or at the custodian designated by the sponsor of the client's retirement plan.

Assets Under Management: As of the date of this filing, Wernau manages \$86,722,699 in 202 discretionary accounts. This information was compiled within 90 days from the date of this brochure.

Item 5: Fees and Compensation

Fees are charged quarterly in arrears based on the value of assets under management as of the last day of the calendar quarter. Management fees will be automatically debited from client accounts on a quarterly basis by the advisor at the qualified custodian of record. The custodian maintains possession of client assets in accordance with the client authorization in the Advisory Agreement ("Agreement"). The fee schedule for actively managed discretionary accounts is as follows:

Assets Under Management	Percentage (fee charged)
\$0-\$25,000,000	1.50%

In some client cases, lower fees may be negotiated under certain circumstances depending on the scope and complexity of client investment management needs and circumstances.

Fee Calculation: The fee is calculated as described above. Fees are charged in arrears (end of quarter) based upon a percentage of the total assets under management, including money market balances on the last trading day of each calendar quarter. The fee is not charged on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client (i.e. Performance fees).

In any partial calendar quarter, fees are pro-rated based on the number of days in which the account is open during the quarter. All securities and their values are determined by each mutual fund company, their designee, or other third party sources unless otherwise noted. Fee calculations are derived from these valuations.

Management fees are negotiable under certain circumstances, at the sole discretion of the firm. Wernau's fee is separate and distinct from the custodian and execution fees. All commissions, custody, execution fees and other related costs or expenses charged by the qualified custodian and/or executing broker-dealer (or other financial institution(s) involved with the client account) are charged separately.

Such fees may include custodial fees, charges imposed directly by a mutual fund or exchange traded fund in the account, which shall be disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Wernau does not receive any portion of these commissions, fees, and costs.

For those clients that are charged an hourly rate, the following fee schedule applies:

Service	Rate
Strategic Consulting	\$250 Per hour
Other Consulting	\$100 Per hour

For planning and family office clients, Wernau offers its clients a fixed fee per month that is negotiated in advance based on the scope of the proposed engagement. In general, the fixed fee may vary depending on the complexity of the plan.

Termination of Advisory Relationship: The advisory agreement may be canceled at any time, by either party, for any reason upon receipt of written notice. Upon termination of an account, any prepaid and/or unearned fees will be promptly refunded. Similarly, any earned and/or unpaid fees will be due and payable. Clients retain the right to terminate the advisory agreement without penalty within five business days after entering into the agreement. The agreement shall remain non-transferable unless authorized by the client in writing.

Item 6: Performance-Based fees and Side-by-Side Management

The firm's offerings are limited to portfolio management on behalf of individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities. Wernau does not charge performance-based fees.

Item 7: Types of Clients

As mentioned throughout this brochure, Wernau provides investment management services individuals, high net-worth individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities. Prior to engaging the firm for services, clients are required to enter into a written agreement with the firm setting forth the terms and conditions under which Wernau renders its services.

Item 8: Methods of Analysis, Investment Strategies, and Risk of Loss

Wernau follows a value investing approach by utilizing the research and analysis techniques defined below:

- **Fundamental:** Fundamental analysis is a general assessment based upon various factors including sale price, asset value, market structure, and history. The firm uses modeling of individual securities and performs a discounted earnings analysis based upon quarterly estimates of earnings into the future.
- **Cyclical:** Cyclical analysis is a time based assessment which incorporates past and present performance to determine future value.
- **Technical:** Technical analysis employs the use of advanced data aggregation techniques to define certain trends of progressions in marketplace activity

Wernau's main sources of research information include financial newspapers and magazines, inspections of corporate activity, corporate ratings services, annual reports, prospectuses, filings with the United States Securities and Exchange Commission, company press releases, and research materials prepared by others.

Wernau seeks to allocate its client's investment management assets, on a discretionary and/or a non-discretionary basis among mutual funds, exchange traded funds, individual debt and equity securities and/or options as well as the securities components of variable annuities and variable life insurance contracts in accordance with the investment objectives of the client. The firm may, from time to time, invest in equity securities, corporate debt, municipal securities, warrants, commercial paper, certificates of deposit, investment companies, U.S. government securities, options, and limited partnerships.

Wernau uses the following investment strategies in its investment advisory business: long- term purchases (securities held longer than one year), short-term purchases (securities sold within a year), short-term trading (buying and selling securities within 30 days), short sales, margin trading, and option writing (including covered options, uncovered options or spreading strategies).

Risk of Loss: Investing in securities involves a certain amount of risk of loss that clients should be prepared to bear. Where short term trading methods are employed, the cost of more frequent trades can often incur more expense than that of a more conservative or long term purchase approach. Questions regarding these risks and/or increased costs may be directed to the firm and its representatives.

Item 9: Disciplinary Information

Rule 206(4)-4 of the Investment Advisers Act of 1940 and similar state securities regulation requires investment advisers to provide clients with disclosure as to any legal or disciplinary activities deemed material to the client's evaluation of the adviser. Please note, neither the firm nor its personnel have any disciplinary, regulatory, criminal, civil, or otherwise reportable history to disclose at this time.

Item 10: Other Financial Industry Activities and Affiliations

Effective December 1, 2017, Wernau Asset Management is no longer the owner and operator of Verge Advisors LLC. Verge Advisors LLC was sold to firm employee, Jonathan L. Iannacone and Midori Williams on December 1, 2017. The company is no longer owned by Wernau Asset Management. Verge Advisors LLC services business clients supporting the CFO and financial function of those companies. Verge Advisors LLC receives consulting fees from the business clients it services.

Mr. Wernau is also general partner in Dartmouth Street Ventures Limited Partnership. The partnership is a principal investor in investment vehicles including but not limited to options, stocks, bonds, real estate, commodities, private businesses and other investment opportunities. Mr. Wernau is currently the only general partner and his spouse Thi Linh Wernau is the only limited partner. Mr. Wernau is also part owner of Apricot Capital, LLC, a private investment LLC that provides start up financing for new business ventures. Mr. Wernau is also part owner of Fish City Capital LLC, a private investment LLC that provides seed stage capital for startups and other businesses. Wernau Asset Management does not receive a management fee or other fees for work provided to Apricot Capital LLC, Fish City Capital LLC or Dartmouth Street Ventures LP. Wernau Asset Management clients are partners in both Apricot Capital LLC and Fish City Capital LLC. Peter Wernau may receive income from these entities based upon his ratable interest in the underlying investments of each entity.

The firm endeavors at all times to put client-interest first as part of its fiduciary duty. However, clients should be aware that the receipt of additional compensation itself creates a conflict of interest, and may affect the judgment of this individual when making investment recommendations. In order to properly handle such potential conflicts of interest, the firm has adopted a Code of Ethics. Please see Item 11 (below) for further discussion related to the firm's Code of Ethics.

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

Pursuant to Rule 204A-1 of the Investment Advisers Act of 1940, Wernau has adopted a Code of Ethics that sets forth the basic policies of ethical conduct for all managers, officers, and employees of the firm. The Code of Ethics describes the firm's fiduciary duties and obligations to clients, and sets forth the firm's policy of supervising the personal trading practices of those employees who maintain access to client information.

Wernau and/or its employees may purchase or sell investments for their personal accounts that they similarly recommend to clients subject to certain conditions as defined in the Code of Ethics and other applicable procedures. While the firm endeavors at all times to put the interests of its clients first as part of its fiduciary duty, clients should be aware that personal trading itself creates the potential for a conflict of interest, and can affect the judgment of the individual making the recommendation.

To supervise compliance with the Code of Ethics, the firm collects and maintains records of securities holdings and securities transactions made by employees (both client related and personal) to identify and resolve any potential conflicts of interest. A copy of the firm's Code of Ethics will be provided to any client (prospective and otherwise) upon request.

Item 12: Brokerage Practices

As an investment adviser, Wernau has a fiduciary duty to seek best execution for client transactions. Best execution is a collective consideration of factors concerning the trade in question. Such factors include:

- the security being traded,
- the price of the trade,
- the speed of the execution,
- apparent conditions in the market,
- And the specific needs of the client.

Wernau's primary objectives when placing orders for the purchase and sale of securities for accounts is to obtain the most favorable net results in consideration of these factors.

Wernau recommends that clients utilize the brokerage and clearing services of Fidelity Investments and its affiliates ("Fidelity") for investment management accounts. In recommending Fidelity, Wernau considers the following factors: financial strength, reputation, execution, pricing, research, and service. However, clients

should note that they may not necessarily pay the lowest commission or commission equivalent as specific transactions may involve specialized services on the part of the broker. This would justify higher commissions (or their equivalent) than other transactions requiring more routine services.

Transactions for each client generally will be effected independently, unless the firm decides to buy or sell the same securities for several clients at approximately the same time. In this case, Wernau will elect to combine or aggregate orders (i.e. block trading) in order to obtain an average price and allocate shares among several client accounts. Shares will be distributed pro-rata (or other appropriate method depending on the circumstances) and in accordance with Wernau's established allocation policy.

The firm periodically reviews its policies and procedures regarding the recommendation of certain broker-dealers in light of its duty to obtain best execution on behalf of clients and their accounts. If a client directs Wernau to use a particular broker-dealer to execute some or all transactions, the client will then maintain the responsibility to negotiate the terms and conditions for that account with the selected broker-dealer. In such cases, Wernau will not have the ability to aggregate client transactions or negotiate terms. Accordingly, the client may pay higher commissions or other transaction costs or greater spreads, and perhaps receive less favorable net prices, on transactions for the account than would otherwise be the case.

In certain cases, the firm will receive research and other products/services from the broker-dealer of record. Such an arrangement is known as a *soft dollar* benefit. In many cases, the selected broker-dealer will offer such services to the firm as a result of clients maintaining their accounts with said broker-dealer. To the extent the receipt of such services creates a conflict of interest; clients should note that such research and other services are used to benefit each account being managed by the firm and that neither the firm nor its personnel benefit financially in any way from participating in such an arrangement.

Item 13: Review of Accounts

For those clients that receive active investment management services, Wernau monitors those portfolios as part of an ongoing process. Regular account reviews are conducted on at least a quarterly basis by firm President Peter C. Wernau. Clients are encouraged to contact the firm immediately with any changes to their financial situation as such changes may impact the status of their investment account(s).

Wernau will contact investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact of any changes in the client's financial situation and/or investment objectives. Clients receive written statements no less than quarterly from the trustee or qualified custodian. In addition, client's may receive other supporting reports from asset managers, trust companies or custodians, insurance companies, broker/dealers, and others involved with client accounts.

Item 14: Client Referrals and Other Compensation

Wernau does not compensate others for client referrals or receive other compensation outside that earned from its advisory services or consulting fees.

Item 15: Custody

Other than the client authorized direct deductions of fees from accounts held by a qualified custodian, Wernau does not maintain or accept custody of client funds or securities. Peter Wernau the firm's owner is Trustee or has been determined to have custody for three clients. These accounts are subject to a surprise audit by an independent firm to comply with rule 206(4)-2 "the custody rule" under the Investment Advisers Act of 1940 the firm files form ADV E to disclose this information. Moody, Famiglietti and Andronico, LLP has been engaged to perform the audit of accounts subject to the rule. In the event, Wernau Asset Management has custody of client funds or securities clients will receive account statements from the broker-dealer, bank or

other qualified custodian at least quarterly or more frequently and clients should carefully review those statements.

Item 16: Investment Discretion

For actively managed investment advisory accounts, Wernau has discretion over the selection and amount of securities to be bought or sold in client accounts without obtaining prior consent or approval from clients. These accounts require the careful research, selection, and monitoring of individual equities, ETFs, Mutual Funds, REITS and other fixed income securities. These investments are generally suitable for certain clients with larger accounts that seek a more aggressive active investment strategy. However, these purchases or sales may be subject to specified investment objectives, guidelines, or limitations previously set forth by the client and agreed to by the firm.

Discretionary authority will only be authorized upon full disclosure to the client. The granting of such authority will be evidenced by the client's execution of an agreement containing all applicable limitations to such authority. All discretionary trades made by Wernau will be in accordance with each client's investment objectives and goals.

Item 17: Voting Client Securities

Wernau will not vote, nor advise clients how to vote, proxies for securities held in client accounts. The client maintains the authority and responsibility for the voting of these proxies. The firm and its clients agree to this by contract. Clients will receive their proxies or other solicitations directly from the transfer agent (where applicable).

Item 18: Financial Information

Pursuant to State and Federal law, investment advisers are required to disclose certain information about their business practices that might serve as material to the client's decision in choosing an investment adviser. As of the date of this filing, Wernau does not require the pre-payment of any fees or maintain any financial hardships or other conditions that might impair its ability to meet its contractual obligations to clients.

Item 19: Requirements for State-Registered Advisers

Wernau requires that persons providing investment advice maintain a college degree. Such persons must also meet the appropriate qualifications for registration and have relevant investment-related experience. Please refer to Part 2B for further information with respect to firm personnel.

Item 20: Additional Information

Privacy Policy:

Wernau prohibits the disclosure of any personal and/or non-public information regarding clients or their accounts except as authorized in writing by the client or as otherwise provided by law. Additional information about the Privacy Policy may be obtained on the website at www.wernauassetmanagement.com or by request.

Business Continuity Plan:

In the event that the firm is unable to provide continuous service, the firm has developed a Business Continuity Plan to expedite the recovery of operations. A copy of the Business Continuity Plan is available upon request.

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Part 2B: Brochure Supplements

Investment Adviser Representatives and/or Supervised Persons: Supplemental Information

Item 1: Cover Page

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Item 2: Educational Background and Business Experience

Peter C. Wernau

President, Chief Compliance Officer, Investment Adviser Representative
(CRD# 4741275)

Year Born:	1974
Education:	University of Notre Dame, B.A. in Accounting, 1997
Business Experience:	
10/2003 to Present:	Wernau Asset Management, Inc
12/2010 to 12/2016:	Back Bay Mortgage Brokers, LLC (#MB373332)
03/2002 to 04/2004:	Hill, Holliday, Connors, Cosmopoulos, Inc., Vice President
11/1999 to 02/2002:	Business Edge Solution, Partner-E-Business Architect
05/1998 to 09/1999:	Deloitte & Touche LLC, Senior Consultant
05/1997 to 05/1998:	Anderson Consulting, Analyst
Licenses:	Series 65

Jonathan L. Iannacone

Investment Adviser Representative
(CRD# 6397048)

Year Born:	1976
Education:	University of Notre Dame, B.A. in Accounting, 1998
Business Experience:	
10/2014 to Present:	Wernau Asset Management, Inc.
7/2005 to Present:	Verge Advisors LLC/ Jonathan L. Iannacone, CPA P.C.
08/2001 to 09/2006:	Demasco, Sena and Jahelka
1/2000 to 07/2001:	Business Edge Solutions
05/1998 to 01/2000:	Deloitte & Touche LLC
Licenses:	Certified Public Accountant, FINRA Series 65

Item 3: Disciplinary Information

Mr. Wernau and Mr. Iannacone do not have any legal, civil, criminal, regulatory, or disciplinary history to report at this time. Further information may be obtained by calling the Massachusetts Securities Division at 617-727-3548.

Item 4: Other Business Activity

Effective December 1, 2017, Wernau Asset Management Inc. is no longer the owner of Verge Advisors LLC. Verge Advisors LLC was sold to Jonathan Iannaccone and Midori Williams on December 1, 2017. Verge Advisors LLC services business clients supporting the CFO and financial function of those companies. Verge Advisors LLC receives consulting fees from the business clients it services. Jonathan L. Iannaccone serves as the CEO for Verge Advisors LLC.

Mr. Wernau is also general partner in Dartmouth Street Ventures Limited Partnership. The partnership is a principal investor in investment vehicles including but not limited to options, stocks, bonds, real estate, commodities, private businesses and other investment opportunities. Mr. Wernau is currently the only general partner and his spouse is the only limited partner. Mr. Wernau is also part owner of Apricot Capital, LLC, a private investment LLC that provides start up financing for new business ventures. Mr. Wernau is also part owner of Fish City Capital LLC, a private investment LLC that provides seed stage capital for startups and other businesses.

Item 5: Additional Compensation

Mr. Iannaccone receives consulting fees from his clients as owner and CEO of Verge Advisors LLC

Item 6: Supervision

As firm President and Chief Compliance Officer, Peter C. Wernau maintains the sole responsibility to supervise the operation of Wernau Asset Management. This supervision extends to the ongoing review of the firm's business practices and monitoring the advice given to clients. Questions related to the firm and its personnel may be addressed directly with Mr. Wernau.

Item 7: Requirements for State-Registered Advisers

As mentioned previously in Item 3 (above), neither the firm nor its personnel have been subject to any financial or disciplinary event. Further information about the firm and its personnel may be obtained by contacting the Massachusetts Securities Division at 617-727-3548 or by visiting the SEC's Investment Adviser Public Disclosure website at www.adviserinfo.sec.gov.