

# Cove Capital Management Inc. Client Brochure

*This brochure provides information about the qualifications and business practices of Cove Capital Management Inc. If you have any questions about the contents of this brochure, please contact us at (516) 398-7897 or by email at: [dgolderb@optonline.net](mailto:dgolderb@optonline.net). 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 Cove Capital Management Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Cove Capital Management Inc.'s CRD number is: 157912*

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*Registration does not imply a certain level of skill or training.*

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## **Item 2: Material Changes**

There are no material changes to report.

## Item 3: Table of Contents

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## Item 4: Advisory Business

### A. Description of the Advisory Firm

Cove Capital Management Inc. is a Corporation organized in the state of New York.

Cove Capital Management Inc. was formed in April 2011, and has been in business since June 2011, and the principal owner is David Martin Goldenberg.

### B. Types of Advisory Services

Cove Capital Management Inc. (hereinafter "CCM") offers the following services to advisory clients:

#### *Investment Supervisory Services*

CCM offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. CCM creates an Investment Policy Statement for each client, which outlines the client's current situation (income, tax levels, and risk tolerance levels) and then constructs a plan (the Investment Policy Statement) to aid in the selection of a portfolio that matches each client's specific situation. Investment Supervisory Services include, but are not limited to, the following:

- Investment strategy
- Asset allocation
- Risk tolerance
- Personal investment policy
- Asset selection
- Regular portfolio monitoring

CCM evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. CCM will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

#### *Services Limited to Specific Types of Investments*

CCM generally limits its money management to equities, options, bonds, open- and closed-end mutual funds, fixed income products, debt securities, ETFs, REITs, exchange traded partnerships, and government securities. CCM may use other securities as well to help diversify a portfolio when applicable.

#### *Portfolio Review Services*

CCM may provide portfolio review services for non-portfolio management clients for a fee.

### **C. Client Tailored Services and Client Imposed Restrictions**

CCM offers the same suite of services to all its portfolio management clients. However, specific client financial plans and their implementation are dependent upon the client Investment Policy Statement which outlines each client's current situation (income, tax levels, and risk tolerance levels) and is used to construct a client specific strategy to aid in the selection of a portfolio that matches restrictions, needs, and targets.

Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent CCM from properly servicing the client account, or if the restrictions would require CCM to deviate from its standard suite of services, CCM reserves the right to end the relationship.

### **D. Wrap Fee Programs**

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and any other administrative fees. CCM DOES NOT participate in any wrap fee programs.

### **E. Amounts Under Management**

CCM has the following assets under management:

<b>Discretionary Amounts:</b>	<b>Non-discretionary Amounts:</b>	<b>Date Calculated:</b>
\$20,901,000	\$0.00	12/31/2023

## Item 5: Fees and Compensation

### A. Fee Schedule

#### *Investment Supervisory Services Fees*

Total Assets Under Management	Annual Fee
\$1 - \$1,000,000	1.00%
Above \$1,000,000	0.75%

These fees are negotiable depending upon the needs of the client and complexity of the situation and the final fee schedule is attached as Exhibit II of the Investment Advisory Contract. Fees are paid either monthly or quarterly in arrears, and clients may terminate their contracts with written notice. Because fees are charged in arrears, no refund policy is necessary. Clients may terminate their contracts without penalty within 5 business days of signing the advisory contract. Advisory fees are withdrawn directly from the client's accounts with client written authorization. Assets Under Management are calculated based on client account value at quarter end, as reported independently by the account custodian.

#### *Portfolio Review Services Fees*

These fees are negotiable depending upon the complexity of the situation.

### B. Payment of Fees

#### *Payment of Investment Supervisory Fees*

Advisory fees are withdrawn directly from the client's accounts with client written authorization. Fees are paid monthly or quarterly in arrears. Advisory fees may also be invoiced and billed directly to the client quarterly in arrears. Clients may select the method in which they are billed.

#### *Payment of Portfolio Review Fees*

These fees are invoiced and billed directly to the client.

### C. Clients Are Responsible For Third Party Fees

Clients are responsible for the payment of all third party fees (i.e. custodian fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and



expenses charged by CCM. Please see Item 12 of this brochure regarding broker/custodian.

#### **D. Prepayment of Fees**

CCM collects its fees in arrears. It does not collect fees in advance.

#### **E. Outside Compensation For the Sale of Securities to Clients**

Neither CCM nor its supervised persons accept any compensation for the sale of securities or other investment products, including asset-based sales charges or services fees from the sale of mutual funds.

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

CCM does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

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

CCM generally provides management supervisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Partnerships
- ❖ Home Offices
- ❖ Pension Plans
- ❖ Trusts

#### ***Minimum Account Size***

There is no account minimum.

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

#### **A. Methods of Analysis and Investment Strategies**

##### ***Methods of Analysis***

CCM uses fundamental analysis.

*Fundamental analysis* involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

### ***Investment Strategies***

CCM uses long term trading, short term trading, short sales, margin transactions, and options writing (including covered options, uncovered options, or spreading strategies).

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **B. Material Risks Involved**

### ***Methods of Analysis***

*Fundamental analysis* concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

### ***Investment Strategies***

Long term trading is designed to capture market rates of both return and risk. Frequent trading, when done, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

Short term trading, short sales, margin transactions, and option trading may hold greater risk and clients should be aware that there is a material risk of loss using any of those strategies.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **C. Risks of Specific Securities Utilized**

CCM generally seeks investment strategies that do not involve significant or unusual risk beyond that of the general domestic and/or international equity markets. However, CCM may utilize short sales, margin transactions, and options writing. Short sales, margin transactions, and options writing generally hold greater risk of capital loss and clients should be aware that there is a material risk of loss using any of those strategies.

**Past performance is not a guarantee of future returns. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There are no criminal or civil actions to report.

### **B. Administrative Proceedings**

There are no administrative proceedings to report.

### **C. Self-regulatory Organization (SR) Proceedings**

There are no self-regulatory organization proceedings to report.

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

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Neither CCM nor its representatives are registered as or have pending applications to become a broker/dealer or as representatives of a broker/dealer.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither CCM nor its representatives are registered as or have pending applications to become a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor.

### **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Neither CCM nor its representatives have any material relationships to this advisory business that would present a possible conflict of interest.

### **D. Selection of Other Advisors or Managers and How This Adviser is Compensated for Those Selections**

CCM does not utilize nor select other advisors or third-party managers. All assets are managed by CCM management.

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

## **A. Code of Ethics**

We have a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Our Code of Ethics is available free upon request to any client or prospective client.

## **B. Recommendations Involving Material Financial Interests**

CCM does not recommend that clients buy or sell any security in which a related person to CCM or CCM has a material financial interest.

## **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of CCM or CCM may buy or sell securities for themselves that they also recommend to clients. CCM will always transact client business before their own when similar securities are being bought or sold on the same day.

## **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, CCM or representatives of CCM may buy or sell securities for themselves on the same day as clients. On those days, either all securities must be executed as a block trade or all client trades must occur prior to any trades by CCM or its representatives. Additionally, neither CCM nor its representatives are permitted to sell any security being purchased by any client (nor purchase any security being sold) on the same day.

## **E. Trading Securities From One Client Account To Another Client Account (Cross Transactions)**

On extremely rare occasions CCM may arrange to sell a security from one client account to another account (Cross Transactions). This process will only be utilized when all the following circumstances exist:

- The transaction is in the best interest of both clients.
- The security has an unusually high bid/offer spread.
- The transaction price is between the best bid and best offer price.
- The transaction price is determined independently from CCM (typically by the custodian).

- CCM will never be either the seller or buyer in one of these transactions (Principal Transactions) nor will CCM benefit from this type of transaction.

## **Item 12: Brokerage Practices**

### **A. Factors Used to Select Custodians and/or Broker/Dealers**

The Custodian, Interactive Brokers LLC, Member FINRA/SIPC, was chosen based on their relatively low transaction fees and access to mutual funds and ETFs. CCM will never charge a premium or commission on transactions, beyond the actual cost (if any) imposed by Custodian.

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

The first consideration when recommending broker/dealers to clients is best execution. CCM receives research, products, or other services from its broker-dealer or another third-party in connection with client securities transactions (“soft dollar benefits”). There is no minimum client number or dollar number that CCM must meet in order to receive free research from the custodian or broker/dealer. CCM receives a benefit because it does not have to pay for or produce the research, services, or products and therefore CCM might have an incentive to recommend a custodian based on its interest rather than their clients.

#### ***2. Brokerage for Client Referrals***

CCM receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

#### ***3. Clients Directing Which Broker/Dealer/Custodian to Use***

CCM allows clients to direct brokerage. CCM may be unable to achieve most favorable execution of client transactions if clients choose to direct brokerage. This may cost clients’ money because without the ability to direct brokerage CCM may not be able to aggregate orders to reduce transactions costs resulting in higher brokerage commissions and less favorable prices. Not all investment advisers allow their clients to direct brokerage.

### **B. Aggregating (Block) Trading for Multiple Client Accounts**

CCM maintains the ability to block trade purchases across accounts. Block trading may benefit a large group of clients by providing CCM the ability to purchase larger blocks resulting in smaller transaction costs to the client. Declining to block trade can cause more expensive trades for clients.

## **Item 13: Reviews of Accounts**

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

Client accounts are reviewed at least monthly only by David Martin Goldenberg, President. David Martin Goldenberg is the chief advisor and is instructed to review clients' accounts with regards to their investment policies and risk tolerance levels. All accounts at CCM are assigned to this reviewer.

### **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance) and/or client's risk tolerance changes.

### **C. Content and Frequency of Regular Reports Provided to Clients**

Each client will receive at least quarterly from the custodian, a written report that details the client's account including assets held and asset value which will come from the custodian.

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

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

CCM does not receive any economic benefit, directly or indirectly from any third party for advice rendered to CCM clients.

### **B. Compensation to Non – Advisory Personnel for Client Referrals**

CCM does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

## **Item 15: Custody**

CCM, with client written authority, has limited custody of client's assets through direct fee deduction of CCM's Fees only. Constructive custody of all client assets and holdings

are maintained primarily at Interactive Brokers LLC, Member FINRA/SIPC. Clients will receive all required account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy. CCM does not provide account statements to clients in addition to those provided by the custodian.

### **Item 16: Investment Discretion**

For those client accounts where CCM provides ongoing supervision, the client has given CCM written discretionary authority over the client's accounts with respect to securities to be bought or sold and the amount of securities to be bought or sold. Details of this relationship are fully disclosed to the client before any advisory relationship has commenced. Discretionary authority is executed by agreement through the custodian account application and the investment advisory contract. The client provides CCM discretionary authority via a limited power of attorney in the Investment Advisory Contract and in the contract between the client and the custodian.

### **Item 17: Voting Client Securities (Proxy Voting)**

CCM will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

### **Item 18: Financial Information**

#### **A. Balance Sheet**

CCM does not require nor solicit prepayment of more than \$500 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

#### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither CCM nor its management have any financial conditions that are likely to reasonably impair our ability to meet contractual commitments to clients.

#### **C. Bankruptcy Petitions in Previous Ten Years**

CCM has not been the subject of a bankruptcy petition in the last ten years.

## **Item 19: Requirements For State Registered Advisers**

### **A. Principal Executive Officers and Management Persons; Their Formal Education and Business Background**

CCM currently has only one management person/executive officer; David Martin Goldenberg. David Martin Goldenberg's education and business background can be found on the Supplemental ADV Part 2B form.

### **B. Other Businesses in Which This Advisory Firm or its Personnel are Engaged and Time Spent on Those (If Any)**

David Martin Goldenberg's other business activities can be found on the Supplemental ADV Part 2B form.

### **C. How Performance Based Fees are Calculated and Degree of Risk to Clients**

CCM does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

### **D. Material Disciplinary Disclosures for Management Persons of this Firm**

No management person at CCM or CCM has been involved in an arbitration claim or been found liable in a civil, self-regulatory organization, or administrative proceeding that is material to the client's evaluation of the firm or its management.

### **E. Material Relationships That Management Persons Have With Issuers of Securities (If Any)**

Neither CCM, nor its management persons, has any relationship or arrangement with issuers of securities.