

**Form ADV Part 2A**  
**Firm Brochure**  
(Amended 12/10/2013)

*St. Johns Investment Management  
Company, LLC*

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**This brochure provides information about the qualifications and business practices of St. Johns Investment Management Company, LLC (hereinafter “SJIM” or “firm” or “we”). If you have any questions about the contents of this brochure, please contact us at (904) 477-7841 or at [david@stjohnsinv.com](mailto:david@stjohnsinv.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 SJIM is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for SJIM is 169538. Registration with the SEC does not imply any level of skill or training.**

## *Item 2. Summary of Material Changes*

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As this is the firm's initial application for registration with the SEC, we do not have any material changes to report.

Upon approval of our registration application, our current Form ADV, Part 2 will be available to our existing and prospective clients 24 hours a day through the Investment Adviser Public Disclosure website. Additionally, we will annually and within 120 days of the end of our fiscal year, provide you either: (i) a copy of our Form ADV, Part 2 that includes or is accompanied by a summary of material changes; or (ii) a summary of material changes that includes an offer to provide a copy of the current Form ADV, Part 2. We urge you to carefully review all subsequent summaries of material changes, as they will contain important information about any significant changes to our firm, including but not limited to advisory services, fee structure, business practices, conflicts of interest, and disciplinary history.

*Item 3. Table of Contents*

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<b>Item</b>	<b>Section</b>	<b>Page Number</b>
1.	Cover Page	1
2.	Material Changes	2
3.	Table of Contents	3
4.	Advisory Business	4
5.	Fees and Compensation	5
6.	Performance-Based Fees and Side-by-Side Management	6
7.	Types of Clients	6
8.	Methods of Analysis, Investment Strategies and Risk of Loss	7
9.	Disciplinary Information	9
10.	Other Financial Industry Activities and Affiliations	9
11.	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	9
12.	Brokerage Practices	10
13.	Review of Accounts	12
14.	Client Referrals and Other Compensation	13
15.	Custody	13
16.	Investment Discretion	14
17.	Voting Client Securities	14
18.	Financial Information	14

#### *Item 4. Advisory Business*

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SJIM is a fee-based SEC-registered investment adviser with its principal place of business located in Jacksonville, Florida. We have been in business since 2013, with David Wall Price as the sole owner of the firm.

As of the date of this initial filing, we do not have any discretionary or non-discretionary assets under management.

##### Portfolio Management Services

Our firm provides continuous advice to a client regarding the investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop a client's personal portfolio allocation and create and manage a portfolio based on the client's specific investment objectives. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, income tax situation and income and liquidity needs. We may also review and discuss a client's prior investment history, as well as family composition and background.

We will manage advisory accounts on a discretionary or non-discretionary basis, as agreed with each client. Account supervision is guided by the stated objectives of the client. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Generally, client portfolios will be comprised of a combination of equity and fixed-income securities, equity exchange-traded funds, and money market mutual funds (or other short-term investment vehicles). The equity component of these client portfolios will be comprised, in whole or in part, of our Core Equity Model. Under the Core Equity Model, the client's portfolio is invested predominantly in a portfolio of equity securities selected by us from time to time for our Core Model. The Core Model is a long-term, large-cap equity strategy model managed in pursuit of long-term growth through a stock-specific portfolio subject to sector weighing constraints. In addition to the Core Model large-cap equities, in most cases, the client's portfolio will contain ETFs invested in other equity asset classifications (such as small-cap equities, mid-cap equities, international equities, as well as mutual funds).

##### Sub-Advisory Services

We may also offer our Separate Account Management as a sub-advisory service to other financial institutions who retain us through the means of a sub-advisory agreement.

##### Consulting Services

Our firm also provides periodic model portfolio recommendations to other financial institutions. Under this service, SJIM provides clients with security selections, weights, and allocations for use in

their own managed portfolios. The recipient of the model portfolio recommendations remains solely responsible for implementing any and all recommendations thus received.

### Services in General

Our investment recommendations are not limited to any specific product or service offered by a broker dealer or insurance company.

### *Item 5. Fees and Compensation*

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#### Portfolio Management and Sub-Advisory Fees

Our fees for Portfolio Management Services, including Sub-Advisory Services, are based upon a percentage of assets under our management, in accordance with the following fee schedule:

<u>Assets Under Management (\$)</u>	<u>Annual Fee (%)</u>
First \$1 million	1.00%
Next \$4 million	0.70%
Over \$5 million	0.50%

Portfolio management fees are charged quarterly in advance or in arrears, as agreed with each client, based upon the net value of the assets in the client account on the last business day of the previous quarter or current quarter.

Portfolio Management Services, including Sub-Advisory Services may also be provided based upon a negotiated fixed fee, charged quarterly in advance or in arrears, as agreed with each client.

#### Consulting Fees

Our fees for Consulting Services are based upon a percentage of assets in portfolios utilizing our model recommendations and range from 0.10% to 0.15%.

Consulting fees are charged quarterly in arrears.

#### Fees in General:

Depending on the particular arrangement with each client, we will either invoice clients or directly debit their custodial accounts for portfolio management or consulting fees.

Fees and account minimums for all services are negotiable based upon certain criteria (i.e. level of service required, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition and complexity, negotiations with client, etc.).

We may group certain related client accounts for the purposes of determining the account size and/or annualized fee.

Certain client agreements may be governed by fee schedules different from those listed above.

#### Account Termination and Refunds:

Clients may terminate the advisory agreement by providing us with a 30-day notice at our principal place of business. This notice requirement may be waived at our discretion. If you notify your account's custodian that you're terminating the custodial account linked to your separately managed account with our firm, we will consider this to constitute a notice of termination.

Upon termination of an account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

We will have no obligation to recommend or take any actions with regard to the securities, cash or other investments in a terminated account, but we may, at our discretion, assist you in liquidating assets and in effecting the transfer of assets to a new custodian designated by you.

Mutual Fund and ETF Fees and Expenses: All fees paid to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. A client could invest in a mutual fund or an ETF directly, without the services of our firm. In that case, the client would not receive the services provided by us which are designed, among other things, to assist the client in determining which mutual fund or funds or ETFs are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and ETFs and the fees charged by us to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

#### Brokerage, Custodial and Other Transaction Fees

In addition to advisory fees paid to our firm, clients will also be responsible for all transaction, brokerage, trade-away and custodial fees incurred as part of their account management. Please see Item 12 of this Brochure for important disclosures regarding our brokerage practices.

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

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We do not charge any fees based on a share of capital gains on or capital appreciation of the assets of a client.

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

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Our firm primarily provides advisory services to the following types of clients;

- Individuals, including high net worth individuals
- Trusts, estates and charitable organizations

- Corporations or other business entities
- Pension and profit sharing plans
- Banking or thrift institutions
- Charitable organizations
- Other investment advisers and financial institutions

We typically require a minimum annual fee of \$5,000, which may be negotiated or waived, at our sole discretion.

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

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### Methods of Analysis and Associated Risks

#### *Portfolio Management Services:*

As described in Item 4 of this Brochure, the equity component of our separately managed accounts will be comprised, in whole or in part, of our Core Equity Model. Similarly, our Core Equity Model will serve as the basis for our consulting services. Currently, we utilize research purchased by us from various independent sources, research available from brokerage and investment banking firms and various periodicals and subscription services. These ancillary sources are used mostly for strategic reasons (economic and investment overview rather than company-specific industry recommendations.)

We use a Four Factor Model for equity valuation, considering both fundamental and technical research analytics to arrive at a given score for each security evaluated. The Four Factor model gives a 65% weight to fundamental factors and 35% weight to technical factors. When new names are being considered for the model, the score of each potential new entrant is compared against the score of other possible new entrants. Overall, we aim to position the Core Model with an at or above average earnings, return or assets, return on equity (ROE) and forward earnings growth relative to the S&P 500 Index, but also with a PEG Ratio (price-to-earnings divided by expected future growth rate) at or below the benchmark.

In the case of our managed accounts that invest, in whole or in part, in fixed-income securities, we typically purchase individual fixed income securities rather than ETFs or mutual funds.

*Fundamental Analysis:* Fundamental analysis of a business involves analyzing its income statement, financial statements and health, its management and competitive advantages, and its competitors and markets. Fundamental analysis school of thought maintains that markets may mis-price a security in the short run but that the "correct" price will eventually be reached. Profits can be made by trading the mis-priced security and then waiting for the market to recognize its "mistake" and re-price the security. We would typically categorize our individual stock discipline as Large Capitalization (market caps above \$10 billion) with no specific preference relative to growth or value categorization.

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the

economic and financial factors considered in evaluating the stock. Therefore, unforeseen market conditions and/or company developments may result in significant price fluctuations that can lead to investor losses.

*Technical Analysis:* Technical analysis seeks to identify price patterns and trends in financial markets and attempt to exploit those patterns. We follow and examine such indicators as price, volume, moving averages of the price and market sentiment. Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

#### *Investment Strategies and Associated Risks:*

All investments in securities include a risk of loss of a client's principal (invested amount) and any profits that have not been realized. Stock markets and bond markets fluctuate substantially over time and performance any investment is not guaranteed.

Our investment approach takes into consideration the potential risk of loss and seeks to match the investment strategy employed for you with your tolerance for potential fluctuations in markets and incurring losses. Generally, you must invest in securities that have a higher risk of loss in order to obtain a higher potential for long-term gains. There is no guarantee that our investment strategies will meet your objectives or, in any event, protect your assets from the potential for losses. Depending on the types of securities you invest in, you may face the investment risks described below:

- Equity investments are highly volatile and are subject to stock market risk, with the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices.
- Bond and interest rates have an inverse relationship. For example, when interest rates rise, bond prices fall.
- Portfolios that invest in lower-rated debt securities involve additional risks because of the lower credit quality of the securities in the portfolio. As a result, investment in these types of bonds may expose clients to a higher level of volatility and increased risk of default.
- International investing involves special risks, including greater economic and political instability, as well as currency fluctuation risks.
- Investments in stocks of small companies involve additional risks. Smaller companies typically have a higher risk of failure and are not as well-established as larger blue chip companies. Historically, smaller-company stocks have experienced a greater degree of market volatility than the overall market average.
- Investments in real estate have various risks, including possible lack of liquidity and devaluation based on adverse economic and regulatory changes.
- The price of commodities is subject to substantial price fluctuations of short periods of time and may be affected by unpredictable international monetary and political policies. The market for commodities is widely unregulated and concentrated investing may lead to higher price volatility.
- Clients who are invested exclusively in the Core Equity Model are subject to stock-selection risk and may either outperform or underperform the overall stock market. Moreover, since the



Core Equity Model and certain other strategies recommended by us will focus primarily on large-capitalization stocks, there is a risk that returns from these stocks will trail returns from the overall stock market. Large-capitalization stocks tend to go through cycles of performing better or worse than the stock market in general. The duration of these periods, has in the past, lasted for as long as several years and cannot be predicted.

- Alternative investments such as non-rated and/or emerging market issues, derivatives, options and other structured products involve different and heightened risks and may not be suitable for investors who are not sophisticated and have no prior experience with these types of investments.
- Mutual funds and ETFs are also subject to market volatility and risk of loss.
- Money market mutual funds are not insured or guaranteed by the United States, the FDIC or any other governmental agency and may lose value.

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**Item 9.        *Disciplinary Information***

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Our firm has no reportable disciplinary events to disclose.

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

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Neither our firm nor any of our management persons have entered into a relationship or arrangement with a related person that is material to our advisory business or to our clients.

Certain of our staff members are currently employed with BBVA Wealth Solutions Inc., an SEC-registered investment adviser, BBVA Securities, Inc., a FINRA-registered broker-dealer, and Compass Bank, all entities related by common ownership and/or control. In connection with this firm's application for SEC registration and upon the grant of registration approval, these individuals intend to end their employment with these entities by 2/28/2013.

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

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Code of Ethics Disclosure:

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws. Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code provides for oversight, enforcement and recordkeeping provisions. A copy of our Code of Ethics is available to our advisory clients and prospective clients upon request to David Wall Price, Chief Compliance Officer, at the firm's principal office address.

Our principals and employees do not typically participate in investment contemplated for advisory clients.

Additionally, to ensure the fulfillment of our fiduciary responsibilities, we have established the following restrictions:

1. No principal or employee of our firm may buy or sell securities or other investment instruments for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No principal or employee of our firm may prefer his or her own interest to that of the advisory client.
2. We maintain a list of all securities holdings for our firm and anyone associated with this advisory practice with access to advisory recommendations. These holdings are reviewed on a regular basis by David Wall Price, Chief Compliance Officer or his designee.
3. We emphasize the unrestricted right of the client to decline to implement any advice rendered, except in situations where our firm is granted discretionary authority.
4. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
5. Any individual not in observance of the above may be subject to disciplinary action or termination.

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**Item 12. Brokerage Practices**

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We do not have any formal or informal soft-dollar arrangements and do not receive any soft-dollar benefits.

Typically, with respect to equity transactions, we do not request or accept the discretionary authority to determine the broker dealer to be used for client accounts. This means that we will not survey or shop the brokerage market place for best execution on a transaction-by-transaction basis. As such, clients must direct us as to the broker dealer to be used. Generally, this direction is given via the client selection of a particular custodian and is memorialized in the advisory agreement. In directing the use of a particular broker or dealer, it should be understood that we will not have authority to negotiate commissions among various brokers or obtain volume discounts, and best execution may not be achieved. In addition, a disparity in commission charges may exist between the commissions charged to the client and those charged to other clients. *Not all advisers require their clients to direct brokerage.*

For clients in need of brokerage or custodial services, and depending on client circumstances and needs, we will recommend the use of one of several broker dealers, provided that such recommendation is consistent with our fiduciary duty to the client. Generally, for equity transactions, we will recommend the brokerage services offered by the client's custodian. Our clients must evaluate these brokers before opening an account. The factors considered by our firm when making this recommendation are the broker's ability to provide professional services, our experience with the

broker, the broker's reputation, and the broker's quality of execution services and costs of such services, and the custodial platform provided to clients, among other factors.

*Clients are not under any obligation to effect trades through any recommended broker.*

If a client, when undertaking an advisory relationship with our firm, already has a pre-established relationship with a broker and instructs us to execute all transactions through that broker, it should be understood that under those circumstances, we will not have the authority to negotiate commissions, obtain volume discounts and best execution may not be achieved. In addition, under these circumstances a disparity in commission charges may exist between the commissions charged to other clients since our firm may not be able to aggregate orders to reduce transaction costs or the client may receive less favorable prices.

We reserve the right to decline acceptance of any client account for which the client directs the use of a broker if we believe that this choice would hinder its fiduciary duty to the client and/or its ability to service the account.

Our firm will typically request the grant of brokerage discretion for fixed-income trades. In cases where our firm has such brokerage discretion, we will endeavor to select those brokers or dealers which will provide the best services at the lowest commission rates possible. The reasonableness of commissions is based on the broker's ability to provide professional services, competitive commission/mark-up rates, research and other services which will help us in providing investment management services to clients. We may, therefore recommend (or use) the use of a broker who provides useful research and securities transaction services even though a lower commission may be charged by a broker who offers no research services and minimal securities transaction assistance. Research services may be useful in servicing all our clients, and not all of such research may be useful for the account for which the particular transaction was effected.

For clients in need of brokerage and custodial services, we will typically recommend Charles Schwab & Company, Inc. ("Schwab"), an unaffiliated FINRA-registered broker dealer or Compass Bank.

Our firm participates in the Schwab Advisor Services (SAS) program offered to independent investment advisers by Schwab. As part of the SAS program, our firm receives benefits that it would not receive if it did not offer investment. These benefits include: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk serving SAS participants exclusively; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; ability to have investment advisory fees deducted directly from client account; access, for a fee, to an electronic communication network for client order entry and account information; receipt of compliance publications; and access to mutual funds which generally require significantly higher minimum initial investments or are generally available only to institutional investors. The benefits received through participation in the SAS program may or may not depend upon the amount of transactions directed to, or amount of assets custodied by, Schwab.

Participation in the SAS program may result in a potential conflict of interest for our firm, as the receipt of the above benefits creates an incentive for us to recommend Schwab to clients.

While, based on our business model, we will not seek to exercise discretion to negotiate trades among various brokers on behalf of clients, we will, however, periodically attempt to negotiate lower commission rates for our clients with Schwab.

#### Trade Aggregation and Allocation

We may aggregate client trades when doing so is advantageous to our clients. Mostly, we will batch client transactions to receive volume discounts and to obtain better and more uniform pricing across client accounts. If we determine that aggregation of trades in a certain situation will be beneficial to our clients, transactions will be averaged as to price and will be allocated among our clients in proportion to the purchase and sale orders placed from each client account on any given day.

#### Cross Trades

We may cross trades between certain client accounts, if such a transaction is in the best interest of all parties involved and a fair value of the securities bought and sold can be established and documented.

### *Item 13. Review of Accounts*

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The following individuals are responsible for client account reviews and model reviews:

- David Wall Price, President, Managing Member, COO, CCO
- Melanie Ann Leckwart, Portfolio Manager
- David Andrew Price, Portfolio Manager

#### Portfolio Management and Sub-Advisory Services

We will continuously monitor the underlying securities in client accounts and perform at least quarterly reviews of account holdings for all clients. Accounts are reviewed for consistency with client investment strategy, asset allocation, risk tolerance and performance relative to the appropriate benchmark. More frequent reviews may be triggered by changes in an account holder's personal, tax or financial status. Economic and political specific events may also trigger reviews. Clients will receive monthly or quarterly statements and confirmations of transactions from their broker dealer and/or custodian. Our firm will send additional customized quarterly reports showing portfolio positions, cash and cost basis, market value and/or performance compared to relevant index benchmarks. Annually, either via a client meeting or written correspondence, we will provide the client with a discussion of his specific account(s), market commentary, request information concerning any changes in their specific situations and discuss any changes deemed to be appropriate.

#### Consulting Services

These clients will receive updates when changes to our model(s) are made. They may also receive model performance results, if such reports are contracted for.

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

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We may pay referral fees to third parties for referring advisory clients to our firm. If a client is introduced to us by either an unaffiliated solicitor, we may pay that solicitor an initial and/or an ongoing referral fee based on the percentage of the referred client's advisory fee paid to our firm.

Payment of referral fees for prospective client referrals creates a potential conflict of interest to the extent that such a referral is not unbiased and the solicitor is, at least partially, motivated by financial gain. Therefore, such a referral may be made even if our advisory services are not suitable to a particular client's needs or entering into an advisory relationship with us is not, overall, in the best interest of the client. As these situations represent a conflict of interest, we have established the following restrictions in order to ensure our fiduciary responsibilities:

1. All such referral fees are paid in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements;
2. Any such referral fee will be paid solely from our investment management fee, and will not result in any additional charge to the client;
3. If the client is introduced to us by an unaffiliated solicitor, the solicitor, at the time of the solicitation, will disclose the nature of his/her/its solicitor relationship and provide each prospective client with a copy of our Form ADV Part 2 Brochure, together with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between our firm and the solicitor, including the compensation to be received by the solicitor from us; and
4. All referred clients will be carefully screened to ensure that our fees, services, and investment strategies are suitable to their investment needs and objectives.

#### *Item 15. Custody*

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Custody is defined as any legal or actual ability by our firm to access client funds or securities. All client funds and securities are held with one or more "qualified custodians." However, although our firm does not take actual possession of client funds or securities, we are deemed to have custody of client funds solely due to our ability to directly debit their custodial accounts for our advisory fees. Therefore, we urge all of our clients to carefully review and compare the reviews of account holdings and/or performance results they receive from us to those they receive from their qualified custodian. Any discrepancies should be reported to us and/or the qualified custodian immediately.

## *Item 16. Investment Discretion*

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For clients granting us the discretionary authority to determine which investments and the size of investments to be bought or sold for their account(s), we request that such authority be granted in writing, typically in the investment advisory agreement.

Should the client wish to impose reasonable limitations on this discretionary authority, such limitations shall be included in this written authority statement. Clients may change/amend these limitations as desired. Such amendments must be submitted to us by the client in writing.

As stated in Item 4 of this Brochure, consulting clients receiving model recommendations are solely responsible for implementation of any recommendations received.

## *Item 17. Voting Client Securities*

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Clients whose portfolios we manage may elect to delegate their proxy voting authority to us. Alternatively, clients may, at their election, choose to receive proxies related to their own accounts, in which case we may consult with clients as requested. (With respect to ERISA accounts, we will vote proxies unless the plan documents specifically reserve the plan sponsor's right to vote proxies.) Since all proxies are voted in bulk across client accounts, we are unable to accept instructions from clients on how to vote a particular proxy. However, clients who have elected to delegate their proxy voting authority to us may withdraw this grant of authority at any time with a written request. Any change in proxy voting delegation will take place immediately upon client notification but may not result in the client having the ability to vote an existing proxy via the new delegation during the current specific proxy period.

Clients may obtain a copy of our voting policies, procedures and guidelines by contacting David Wall Price directly. Clients may request, in writing, information on how proxies for their shares were voted. If any client requests a copy of our complete proxy policies and procedures or information on how we voted for his/her account(s), we will promptly provide such information to the client.

We will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held in the client's account(s). We will however, upon client request, file "Proofs of Claims" in class action settlements. If desired, clients may direct us to transmit copies of class action notices to the client or a third party. Upon such direction, we will make commercially reasonable efforts to forward such notices in a timely manner.

## *Item 18. Financial Information*

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Under no circumstances will we earn fees in excess of \$1,200 more than six months in advance of services rendered, and therefore we have no obligation to disclose our firm financials as part of this Brochure.

Our firm has no financial condition that impairs our ability to meet our contractual obligations to you, and have never been the subject of a bankruptcy proceeding.