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April 1, 2015

## Investment Advisory Brochure

This brochure provides information about the way we do business. If you have any questions about this brochure, please contact us at (212) 388-9873 or [info@jbglobal.com](mailto:info@jbglobal.com). This brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. We are a registered investment advisor. Registration of an investment advisor does not imply any level of skill or training. Additional information about us is also available on the SEC's website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov) by entering JBGglobal.com L.L.C.

## **Item 2 – Material Changes**

This brochure dated April 1, 2015 is a new document prepared according to the SEC's new requirements and rules. This brochure contains new and different information from older documents.

This section will describe only specific material changes and provide you with a summary of those changes. Our last annual update of this brochure was on February 13, 2015.

We will also send you an up-to-date Brochure at any time, free of charge. As required by the SEC, we will also send you our updated brochure, or material changes, annually.

You may request our brochure by contacting James Berman at (212) 388-9873 or [jberman@jbglobal.com](mailto:jberman@jbglobal.com). Our brochure is also on our web site at: [www.jbglobal.com](http://www.jbglobal.com).

### Material Changes Since Last Update:

None.

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#### **Item 4 – Advisory Business**

We provide investment advisory services (money management) to individuals, trusts and foundations. We also advise a private fund, the JBGlobal Fund L.P. (The “Fund”) that invests in global equities and another private fund, Eitan Ventures L.L.C. (“EV”) that invests in new, start-up companies. We are sub-advisor to EV, meaning that we provide investment advice under supervision of EV’s management. We are 100% owned by James Berman, the Managing Member.

The JBGlobal Fund L.P. is currently closed to new investors but does continue to accept new capital from existing investors. Eitan Ventures L.L.C. is closed to both new investors and to any additional investor capital.

We also write and edit *The Berman Value Folio* (TBVF), a Trefis monthly investment newsletter. Currently, TBVF is offered online as an electronic subscription through Forbes.com and Trefis.com for approximately \$199-\$249 annually, depending on various promotions in effect. We receive 50% of all revenues that Trefis receives in subscription fees, net of Trefis’ distribution costs and payments to Forbes. TBVF is published monthly and provides information and investment ideas on stocks.

The following disclaimer is attached to TBVF on the final page:

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Performance results are based on model portfolios and do not reflect actual trading. Actual performance will vary based on a variety of factors, including market conditions and trading costs. TBVF results may not reflect the impact that material economic and market factors might have had on the advisor's decision-making if the advisor were actually managing clients' money in this portfolio. TBVF contains stocks that are managed with a view towards capital appreciation. James Berman and JBGlobal.com may manage other portfolios with different strategies and returns that may materially differ from TBVF results with substantially higher or lower performance. TBVF model results do not reflect the deduction of any management fees, advisory fees, brokerage or other commissions, bid-ask spreads, tax consequences, and any other expenses that a client would have to actually pay or would have actually paid in a real portfolio. All return figures assume the reinvestment of all dividends. When a stock is bought in the portfolio, it is added on an equal cash-weighted basis at the time of purchase. Past performance does not guarantee future results. Any forward-looking statement is inherently uncertain and cannot be relied upon as a statement of actual performance. If you would like a spreadsheet furnishing a list of all recommendations made by TBVF since inception on 12/21/2011, please send an email request to: [info@jbglobal.com](mailto:info@jbglobal.com).

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James Berman is an investor in Insight Guru Inc., the parent company of Trefis, both personally and through the venture fund he subadvises. James Berman, therefore, has a financial interest in Trefis aside from his interest in TBVF. James Berman, JBGlobal.com LLC and employees of TBVF, Insight Guru Inc., JBGlobal.com L.L.C. and Trefis may hold positions in some or all of the stocks mentioned here, both personally and in the accounts and funds they manage for others. No compensation for recommending particular securities, services, or financial advisors is solicited or accepted. If you are unwilling or unable to abide by any conditions of this disclaimer, then you may obtain a refund for the unused portion of your subscription at any time.

## ***Investment Philosophy***

We don't believe that anyone can "time" the markets or sustainably trade based on guessing the direction of short-term securities prices. The next short-term uptick or downtick of the Dow is unknowable; we believe that only a charlatan would pretend otherwise. We, therefore, apply the only approach that we believe works over time: a long-term investment strategy rooted in the precepts of value investing. Value investing looks at securities for what they are: the ownership stakes in businesses in the case of stocks (or the debt obligations of companies or governments, as in the case of bonds). We try to buy such securities at discounts to their intrinsic value, as measured by the financial statements, when the market panics by selling off a particular sector or company. We try to sell securities at times of excessive optimism, when prices are artificially high, and then reinvest those proceeds in what we feel is underpriced.

We don't buy or sell based on charts of stock movements, trading strategies or "hunches." We believe those strategies are recipes for eventual failure, no matter the practitioner. We attempt to buy what's undervalued and sell what's overvalued, trying always to reallocate from the expensive to the cheap. We do this knowing not *when* the tide will turn, but knowing that it often will. Good assets return to favor eventually. We eschew market timing, trading and most hedging strategies, deeming them false comforts, often destined to fail—ironically, just when they're needed most. As the saying goes, the market is designed to humiliate the maximum number of people the maximum number of times. We approach markets with the appropriate humility, which means ignoring "macro" calls, the next new thing, and all manner of hype and trend. We typically buy securities or funds in sectors that are unloved, unwanted and unfashionable—and, hence, cheap. Those looking for a trader, market timer or "seer" should look elsewhere. Those looking for an investment advisor that makes decisions based on a deliberative assessment of value should consider working with us.

Our company is wholly owned by James Berman. We have been managing assets since 1996, first mostly as an investment advisor registered with New York State and since July 2011 as an investment advisor registered with the Securities and Exchange Commission. Registration of an investment advisor does not imply any level of skill or training. As of February 23, 2015, we have \$57,775,304 in assets under management. Schwab Institutional, a division of Charles Schwab & Co., acts as an independent custodian for our

client accounts and executes trades on behalf of our clients. They also provide the bulk of our back-office support, including creating and mailing account statements and keeping track of tax information for separate accounts. We are a completely independent and separate business from Schwab Institutional.

## **Item 5 – Fees and Compensation**

### **GENERAL INFORMATION ON FEES:**

We provide investment advisory services to individual, separate accounts. These accounts are managed on a discretionary basis, meaning we make changes to the portfolio without getting the client's specific permission for each trade. We tailor these accounts by determining the proper mix of assets (such as stocks and bonds) to individual client needs and preferences. We require a minimum of \$500,000 of assets to manage an account. We sometimes waive this minimum.

The investment advisory services we provide to individual, separate accounts are different and unrelated to the services we provide to the Fund, or to EV. We describe those services and fees in Item 6, below.

We charge fees for investment advisory services to individual, separate accounts based on the following scale:

<u>TOTAL ASSETS MANAGED</u>	<u>ANNUAL FEE</u>
Up to \$200,000	1.50%
\$200,001-\$300,000	1.25%
\$300,001-\$500,000	1.10%
\$500,001-\$1,000,000	1.00%
Over \$1,000,000	0.95%

We debit the annual fee directly from client accounts in quarterly installments. You will get your monthly account statement from Charles Schwab & Company showing the charge to the account at the beginning of each calendar quarter (based upon the account value at the end of the month before).

You authorize the payment of our investment advisory fee directly from your account. The annual fee is assessed quarterly in arrears (meaning for the prior quarter's management) on the value of the total assets in your account(s) managed by us on the last business day of each calendar quarter. Fees are prorated with regard to inflows and outflows of cash and other assets. We reserve the right, however, to charge a fee, assessed for all of the quarter,

based on the total assets in your accounts managed by us on the first day of a calendar quarter, if you terminate the agreement during that quarter.

We do negotiate account minimums and fees in some cases. You definitely can get similar investment advisory services at lower cost somewhere else.

Either of us can cancel the client agreement at any time, for any reason, with 30 days' written notice. Before closing the account, we will charge any earned, unpaid fees.

The fees we charge for investment advisory services are separate and distinct from the fees and expenses that mutual funds and exchange-traded funds (ETFs) charge their shareholders. These fees and expenses are described in each fund's brochure (prospectus). These fees generally include a management fee, other fund expenses, and a possible marketing fee. If the fund also charges a sales charge, a client may pay an upfront or back-end sales charge. We will not receive any part of these commissions, fees, and costs. You could invest in an ETF or mutual fund directly, without our services. To understand the total amount of fees you pay, you should review both the fees charged by the mutual funds or ETFs, as well as our fees. It is your responsibility to verify the accuracy of the fee calculation; the custodian will not determine whether the fee is properly calculated.

Our fees are separate from brokerage commissions, transaction fees, and other related costs and expenses which Charles Schwab & Company charges. Custodians, brokers, and other third parties may charge you custodial fees, 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. We don't receive any part of these commissions, fees, and costs. Please see Item 12, below, for additional information on brokerage.

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

We are the investment advisor to the JBGlobal Fund L.P. (the "Fund"). The Fund is a long-only (no short positions) and unleveraged (no borrowed money), concentrated fund that invests in stocks. We charge the Fund an annual management fee of 1% of the assets. JBGLOBAL L.L.C. (a related party to us, meaning that James Berman is the sole owner of both companies) is the general partner of the Fund and charges a performance fee of 20% of the gains (both realized and unrealized, meaning whether the stocks are sold to produce the gains or not) in the Fund. The Fund pays some fund expenses directly (see the full Fund documents for details). The Fund bills the annual management fee in quarterly installments, and the Fund bills the performance fee annually (based on the prior 12 month period), subject to a high-water mark (meaning that performance fees cannot be charged until client assets recover to their highest prior point). The Fund charges the performance fee following all regulations of Rule 205-3 of the Investment Advisors Act of 1940. The



Fund will follow Section 205(a)(1) of the Investment Advisors Act of 1940 (The Advisors Act) and apply the available exemptions, including the exemption that all clients who are partners in the Fund are "qualified clients," meaning they have sufficient financial resources (as defined by the SEC) to invest in a private fund. The Fund requires a minimum investment of \$250,000 to invest. The Fund may waive this minimum amount in some cases (see the full Fund documents for details).

We also serve as the sub-advisor to a venture capital fund called Eitan Ventures LLC ("EV"). In exchange for investment advice, we charge EV a performance fee of 25% of the gains (both realized and unrealized) in EV. EV pays its own expenses out of its own assets. We do not charge any management fee for our services as Sub-advisor to EV. The managing member of EV also charges a performance fee of the gains (see the full set of EV documents for details).

Performance-based fees may create an incentive for us to recommend investments which could be riskier or more speculative than those which would be recommended under a different fee arrangement. Performance-based fees also create an incentive to favor higher fee paying accounts over other accounts when deciding on investment opportunities. We follow procedures to treat all clients fairly, and to prevent this potential conflict of interest from influencing the allocation of investment opportunities among different clients.

## **Item 7 – Types of Clients**

We provide investment advisory services (money management) primarily to individuals but also to trusts and foundations. We also advise a private fund, the JBGlobal Fund L.P. (The "Fund") that invests in stocks. We also sub-advise another private fund, Eitan Ventures L.L.C. ("EV"), a venture capital fund that invests in new, start-up companies. We are sub-advisor to EV, meaning that we provide investment advice under supervision of EV's management.

We provide investment advisory services to individual, separate accounts. These accounts are managed on a discretionary basis, meaning we have authorization to make changes to the portfolio without getting the client's specific permission before each trade. We tailor these accounts, by determining the proper mix of assets (such as stocks and bonds) to individual client needs and preferences. We require a minimum of \$500,000 of assets to manage an account. We waive this minimum in certain cases.

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

We follow a fundamental “investment” approach, meaning that we try to purchase securities trading at lower prices than our estimate of their intrinsic value and hold them until the price is higher than the value, often for long periods of time. We don’t use a “trading” approach, meaning we don’t buy and sell securities rapidly in an effort to anticipate the short-term direction of their prices. We mainly analyze company and fund financial statements in order to choose investments. Investing in securities involves a risk of loss that you should be prepared to bear. Please note that past performance does not guarantee future results and that global investment subjects you to significant risks, including, but not limited to: currency risks, price risks, political risks, interest rate risks, inflation risk, regulatory risk, tax risk, business risk, default risk, investment risks, credit risks, and market risks. For a full description of these risks, please contact us.

## **Item 9 – Disciplinary Information**

We are required to disclose all material facts regarding any legal or disciplinary events that would be important for you to know before you decide to hire us. We are happy to tell you we have nothing to report and we never have. As long as we’ve been in business, we have never been the subject of any complaints nor been the subject of any disciplinary proceedings.

## Item 10 – Other Financial Industry Activities and Affiliations

In addition to serving as our Managing Member, James Berman teaches Corporate Finance at NYU SPS as an adjunct professor. He also writes for *Forbes.com* and other publications on financial topics. James Berman also participates in other media, such as TV interviews and webcasts. James Berman writes and edits *The Berman Value Folio* (TBVF), a Forbes/Trefis monthly investment newsletter and publishes eBooks on investing, such as *Lessons from the Lemonade Stand: A Common Sense Primer on Investing*. This short introduction to investing attempts to teach the principles of sound investing by describing everything in the context of a lemonade stand. This eBook is available for sale through Amazon's Kindle store, the Apple iBookstore, Barnes and Noble's Nook store, and several other eBookstores. The Twitter handle is @lemonadeprimer. The Facebook page is [www.facebook.com/lessonsfromlemonade](http://www.facebook.com/lessonsfromlemonade) and the website for the book is [www.lessonsfromlemonade.com](http://www.lessonsfromlemonade.com). The book listing in the Kindle store can be found at this link: [http://www.amazon.com/Lessons-Lemonade-Stand-Investing-ebook/dp/B00AJRM868/ref=sr\\_1\\_3?ie=UTF8&qid=1355148223&sr=8-3&keywords=lessons+from+the+lemonade+stand](http://www.amazon.com/Lessons-Lemonade-Stand-Investing-ebook/dp/B00AJRM868/ref=sr_1_3?ie=UTF8&qid=1355148223&sr=8-3&keywords=lessons+from+the+lemonade+stand)

## Item 11 – Code of Ethics

JBGLOBAL.com LLC ("JBGLOBAL") provides investment advisory services to both separate accounts and the JBGLOBAL FUND L.P. We will always try to serve the client fairly, professionally, and ethically. In order to ensure such ethical dealings, the following Code of Ethics outlines the basic firm rules that protect clients.

### GENERAL COMPLIANCE PROCEDURES:

- A) James Berman is designated as the Chief Compliance Officer for JBGLOBAL.
- B) All compliance procedures will be reviewed at least annually for adequacy.
- C) All client assets that we directly advise are held at the institutional division of Charles Schwab & Company, a qualified custodian. All proper procedures and safeguards shall be taken to make sure that assets remain safeguarded there. EV's assets are private securities under the custody of EV's Managing Member, not held by Schwab.
- D) We will keep all required records in paper or electronic form. If maintained in electronic form, records will be able to be printed out in paper form.
- E) All valuation of client holdings is performed by Charles Schwab & Co (or their third-party vendors), based on publicly quoted market prices, except for Eitan Ventures LLC, to which we are Sub-advisors. Eitan Ventures LLC values all illiquid

investments at their cost due to the difficulty of valuing stakes in start-up companies.

- F) All clients are sent annual notice that they are entitled to a copy of our entire ADV form at any time upon receipt of written request—as required by SEC regulations. All clients are emailed our Brochure A & B annually.

#### ADDITIONAL GENERAL COMPLIANCE PROCEDURES:

Client Investment Goals and Risk Tolerance: All clients are instructed to complete a Confidential Client Questionnaire to document and assess their investment goals, time horizon and risk tolerance. James Berman then personally reviews this questionnaire with each client to make sure security investment risks are explained and understood, and to verify suitability of client security purchases. In cases where a client does not fill out the Questionnaire completely, James Berman conducts an interview to learn about the Client's personal needs and objectives.

Client Phone Calls: All material client phone calls are documented electronically in the Client Notes Folder.

Client Funds/Securities: Clients receive confirmation from Charles Schwab & Co on their monthly statements when new funds/securities are deposited in their account.

JBGLOBAL has a prohibition on insider trading, a prohibition on rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures.

JBGLOBAL anticipates that in appropriate circumstances – and consistent with clients' investment objectives – it will purchase or sell in accounts over which JBGLOBAL has management authority, and will recommend to investment advisory clients (or prospective clients) securities in which JBGLOBAL, the Berman Value Folio, its affiliates and/or clients, directly or indirectly, have a position of interest. JBGLOBAL's employees and persons associated with JBGLOBAL are required to follow JBGLOBAL's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of JBGLOBAL and its affiliates may trade for their own accounts in securities which are recommended to

and/or purchased for JBGLOBAL's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of JBGLOBAL will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of JBGLOBAL's clients. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between JBGLOBAL and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with JBGLOBAL's obligation of best execution.

JBGLOBAL's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting James Berman.

JBGLOBAL's policy is that we will not execute any principal or agency cross securities transactions for client accounts. JBGLOBAL will also not cross trades between client accounts, meaning we will not sell securities from one account to another. Principal transactions are trades where an advisor, acting as principal for its own account (or the account of an affiliated broker-dealer), buys from or sells any security to a client. A principal transaction may also be a trade where a security is sold between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment advisor in relation to a transaction in which the investment advisor (or any person controlled by or under common control with the investment advisor) acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an advisor is dually registered as a broker-dealer or has an affiliated broker-dealer. JBGlobel is not registered as a broker-dealer and does not have an affiliated broker-dealer.

If appropriate, we may recommend that a client invest in the JBGlobel Fund L.P. (the "Fund"), a global equity fund. We have a direct financial interest in this Fund and we receive both a management fee and a performance-based fee in return for our advisory services to the Fund. You should be aware that the additional Fund fees we receive could be an incentive to recommend an investment in the Fund over other types of investment. We monitor recommendations of Fund investments to make sure they are appropriate and in the best interests of the client. All clients who become members in the Fund are "qualified

clients" according to SEC Rule 205-3 and "accredited investors" according to Rule 501 of Regulation D under the Securities Act of 1933. In addition, we screen clients for the suitability and appropriateness of the Fund investment. All prospective Fund members are required to receive and review a detailed subscription agreement and operating agreement before investing which warns them of the substantial risks involved in the investment. In addition, they sign the subscription agreement which attests to their "qualified" and "accredited investor" status.

If appropriate, we may recommend that a client invest in Eitan Ventures ("EV"), a venture capital fund, though EV is not currently accepting new investors. We have a direct financial interest in EV and we receive a performance-based fee in return for our sub-advisory services to EV. You should be aware that the performance fees we may receive from EV could be an incentive to recommend an investment in EV over other types of investment. We monitor recommendations of investments in EV to make sure they are appropriate and in the best interests of the client. All clients who become members in EV are "qualified clients" according to SEC Rule 205-3 and "accredited investors" according to Rule 501 of Regulation D under the Securities Act of 1933. In addition, we screen clients for the suitability and appropriateness of the EV investment. All prospective EV members are required to receive and review a detailed subscription agreement and operating agreement before investing which warns them of the substantial risks involved in the investment. In addition, they sign the subscription agreement which attests to their "qualified" and "accredited investor" status. Also, we are a non-managing member of EV and have invested alongside clients on the same basis as they have. Finally, we serve as the investment advisor to Ethan Herschenfeld (the Managing Member of EV) with respect to Mr. Herschenfeld's personal investments. All of these relationships, along with the fact that they may lead to conflicts of interest, are disclosed in the subscription agreement and the operating agreement of EV. Please see those documents for further details.

James Berman, the Managing Member of the Advisor, may recommend to clients (or to others) investment in securities or companies that are already held in EV. Since James Berman may have a potential conflict in recommending investment in securities or companies that are already held in EV, clients should be aware of this potential conflict of interest.

Please see the full JBGLOBAL Compliance Manual for all compliance procedures, which is available upon request.

## **Item 12 – Brokerage Practices**

When you hire us as your advisor, we will require you to give us one-time written authorization to choose which securities (and the amounts of those securities) to buy and sell without getting your permission first. This is called "discretionary authority."

Any limits on this discretionary authority must be included in this written authorization. You may change these limits as needed. You must send these changes to us in writing.

We require you to use Charles Schwab & Company as broker and custodian for your assets. You consent to this choice in the contract you sign. In our opinion, Charles Schwab & Company charges reasonable discount brokerage commission rates and transaction fees. Charles Schwab executes many (but not all) mutual fund and ETF trades at no transaction fee. After thorough review, we believe these rates are a fair and competitive value. If we purchase a mutual fund with a transaction fee, we first make sure that there is not a similar or suitable no-transaction fee fund that could be purchased instead. On occasion, no-transaction fee funds have higher overall expense ratios. In those cases, we will usually choose the transaction fee share class in return for the greater savings over time by owning a lower expense ratio fund. Transaction fees, which are typically of relatively small dollar amounts, should not be confused with "loads" which are substantial commissions paid on fund purchases. We do not purchase funds that actually require clients to pay loads. We do sometimes purchase "load" funds, but only where the load has been waived.

We believe that Charles Schwab & Company provides best execution of all trades placed in client accounts. To evaluate best execution, we periodically review reports created by Rules 11Ac1-5 and 11Ac1-6. We periodically review best execution data for Charles Schwab & Company (including performance in price improvement, orders executed at or better than National Best Bid or Offer (NBBO), speed and how the order is executed in relation to the NBBO at the time the order is placed) and how their performance compares to industry averages for speed, price and liquidity in trade execution. Consolidating the bulk of our trades at one broker runs the risk that we may miss the opportunity to reduce costs or improve execution by putting trades through multiple brokers. However, we believe that Schwab's statistics are generally better than the industry average. We also believe that the cost savings and convenience of having one consolidated brokerage platform--with the wide selection of no-load mutual funds available through Schwab's platform--make Schwab the best choice for all of our client trades at the current time.

Given our requirement that clients use Charles Schwab & Company, our ability to achieve best execution may be partly or completely limited because we may not get trade executions of the nature, quality, speed or price that we might otherwise get if we were using another broker. We are not able to negotiate commission rates with Schwab or affect the price or quality of their execution services. Given the reasonable nature of Schwab's commission rates and the quality of Schwab's execution, however, we believe our use of Schwab is in our clients' best interests.

Our trade error policy is that we pay for any trade errors if the trade error would cost the client any material amount of money.

“Soft dollars” refer to payments or services advisors receive from a broker in exchange for directing clients to that broker at inflated commission costs. We do not have any “soft dollar” arrangements. We do not believe “soft dollars” are in the best interest of clients. Although Charles Schwab & Company provides access to both proprietary and third-party research on its website free of charge as a service to all advisors that use its platform, we don’t believe we pay commission rates that are higher in exchange for such research. Given the cost of our average trades, we don’t believe we substantially pay more for trades, or more than we would anywhere else, if we did not receive such access to research. We do not receive any payment from Schwab or any other broker. In any case, research provided by Schwab is used to the benefit of all clients. We do not receive any payment (or in-kind services) for rent, salary, travel, or overhead from Schwab, any other broker, or from any third party other than from advisory clients and from subscribers or buyers of our publications.

### **Item 13 – Review of Accounts**

James Berman, the Managing Member of JBGLOBAL, conducts the investment review for all accounts. James Berman reviews the allocation and securities in client accounts regularly and makes adjustments on a periodic basis. Changes in valuation, economic, political or market circumstances may lead to adjustments in a client account. Changes in security prices (relative to intrinsic value) or changes in the client’s individual circumstances are most likely to cause us to make adjustments in client accounts.

Charles Schwab & Company sends monthly statements to individual account clients. These statements show balances, all transactions and account activity. Additionally, James Berman sends a Quarterly Letter with market commentary to individual account clients. Clients in the JBGlobal Fund L.P. receive unaudited statements quarterly (accompanied by a Quarterly Review reporting on the Fund’s investments) and audited financials annually.

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

We don’t receive any commissions, compensation or economic benefit from non-clients in exchange for providing investment advisory services to clients.

We do not currently pay anyone for client referrals.



## Item 15 – Custody

Charles Schwab & Company holds all separate client advisory assets in separate accounts. You will receive monthly statements from Schwab. We urge you to carefully review these statements and compare these official custodial records to the account statements or reports that we may send you. Our statements may vary from Schwab's custodial statements based on accounting procedures, reporting dates, or valuation methods of certain securities.

JBGlobal Fund L.P. assets are held in a separate account at Charles Schwab & Company. We generate Fund statement from Sungard's "Investier" fund accounting software platform and send Fund statements to Fund partners on a quarterly basis. Sungard, an independent firm, maintains the books of the Fund using Investier Fund Accounting software. The JBGlobal Fund L.P. is audited annually by Untracht Early L.L.C. ("Untracht"), a PCAOB registered firm (meaning that it is registered with the Public Company Accounting Oversight Board, a nonprofit corporation established by Congress to oversee audits in order to protect the interests of investors). Untracht prepares the Fund's audited financial statements which we (or Untracht) send to partners by March 31 of each year. Please note that past performance is no guarantee of future results and that investing may result in loss of principal. For full Fund information, including a disclosure of risks of investment, see the complete set of Fund documents.

We are subadvisor to EV. As subadvisor our role is to help pick new investments and monitor existing investments. As subadvisor, we are not the managing member of EV and have no management authority. We do not have the ability to write checks or access funds/securities of EV. Ethan Herschenfeld is the managing member of EV and holds sole management authority over its assets and accounts. Ethan Herschenfeld is not a registered investment advisor and acts as the unregistered managing member of EV under the exemption provided to venture capital funds and to funds with less than \$150 million in assets. As a fund with less than \$25 million in assets, EV is also exempt from the ADV notice requirement of exempt reporting advisors. The assets of EV, aside from its bank savings and checking account consist solely of private securities (equity and/or convertible debt) in start-up companies. These assets are under the sole custody of Ethan Herschenfeld at EV's address: 68 North 3<sup>rd</sup> Street, Brooklyn, NY 11249.

SEC registered advisors are deemed to have custody based solely on their ability to deduct advisory fees directly from client accounts. We debit fees directly from client accounts and, therefore, are deemed to have "custody" on this basis under SEC rules. For separate accounts, the debits of our fees are reflected on the account statements you receive from Schwab.

## **Item 16 – Investment Discretion**

When you hire us as your advisor, we will require you to give us one-time written authorization to choose which securities (and the amounts of those securities) to buy and sell without getting your permission first. This is called “discretionary authority.” We will carry out our discretionary authority in line with your investment preferences, risk tolerance, time horizon and personal needs.

Any limits on this discretionary authority must be included in this written authorization. You may change these limits as needed. You must send these changes to us in writing.

## **Item 17 – Voting Client Securities**

We don’t receive proxies or have the authority to vote proxies for separate account holders, We allow them to receive and vote proxies themselves. We only receive and vote proxies for the JBGlobal Fund L.P. and our own accounts. We vote all Fund proxies in the best interests of our clients. Since we are independent investment advisors who do not manage any public company pension assets, we don’t foresee major conflicts of interest, although conflicts could arise under some circumstances. See our proxy voting procedures below:

### PROCEDURES for PROXY VOTING in JBGLOBAL FUND L.P.

- 1) We vote proxies promptly and in the best interests of our clients.
- 2) We keep records of proxy votes in electronic form.
- 3) We keep any notes relating to proxy voting in electronic form.
- 4) We keep any written client requests for proxy voting information in electronic form.
- 5) We annually send instructions to clients for getting information on proxy votes, policies and procedures.
- 6) James Berman is the person who votes all proxies.

## **Item 18 – Financial Information**

We are required to provide you with certain financial information or disclosures about our financial condition that would affect our ability to operate. We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to clients, and we have not been the subject of any bankruptcy proceeding.