

Item 1 – Cover Page

# Barton Investment Management, LLC

One Tower Bridge  
100 Front Street  
Suite 980  
West Conshohocken, PA 19428

610-226-4040

[www.bartonim.com](http://www.bartonim.com)

January 1, 2015

This Brochure provides information about the qualifications and business practices of Barton Investment Management, LLC (“Barton”). If you have any questions about the contents of this Brochure, please contact us at 610-226-4040. 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.

Barton Investment Management LLC is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about [Barton Investment Management, LLC](http://www.bartonim.com) also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 – Material Changes

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Molly Baker at 610-226-4040 or [molly.baker@bartonim.com](mailto:molly.baker@bartonim.com).

**There are no material changes to be reported from the date of the last brochure update.**

Additional information about Barton Investment Management, LLC is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with Barton Investment Management who are registered, or are required to be registered, as investment adviser representatives of Barton Investment Management.

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## **Item 4 – Advisory Business**

Barton Investment Management, LLC became registered with the Securities and Exchange Commission on June 29, 2006 and commenced business as an investment adviser in July 2006.

Barton Investment Management's Principal Owners are as follows:

Barton Investment Management, LLC is wholly owned by John Barton Riley.

The managers Barton Investment Management, LLC are as follows:

### **J. Barton Riley, CFA**

Managing Partner and Founder

Jay has been in the investment business for over forty years. After graduating from the University of Pennsylvania's Wharton School (BS, Economics) in 1970, Jay joined Kidder, Peabody & Co. in Philadelphia. In 1984, Jay began a twenty-year affiliation with Alex Brown & Sons (and its successor firms). For the last thirteen years at Alex Brown, Jay was privileged to serve on the firm's Investment Committee. This committee, working with the firm's Research Department, had a remarkable record of out-performance versus general market indices. A brief affiliation with Legg Mason & Co. ended after the firm sold its brokerage subsidiary to Citibank Smith Barney. Having long dreamt of opening a small investment advisory firm, Jay opened Barton Investment Management in July of 2006.

Jay's professional activities include his having served as a director and President of the CFA Society of Philadelphia. Jay has taught seminars sponsored by Kidder Peabody, Alex Brown, and the CFA Society of Philadelphia. Jay is a lifelong resident of the Philadelphia area. For more than three decades, he and his wife Gretchen have lived in Haverford, Pennsylvania. Together they have three adult children. Jay is currently on the board of the Ludington Library in Bryn Mawr. He has recently begun work as the Treasurer of the Lower Merion Library Foundation. In the recent past, Jay was the Board Chair of the Philadelphia area branch of the Salvation Army, and he remains on the board. He also serves on the Church Foundation board of the Episcopal Diocese of Pennsylvania.

### **H. Barton Riley**

Bart co-founded Barton Investment Management in July 2006. Prior to joining the firm, Bart spent five years as a history instructor, including the final four years at Darrow School in New Lebanon, NY. In addition to teaching, he served as Assistant Dean of Students and later as Assistant Dean of Studies. Currently, Bart serves on Darrow School's Board of Trustees. At Barton, he is responsible for client relationships, technology and operations. Bart works with Jay on fundamental research, analysis and valuation of current holdings and new investment ideas. Bart graduated from the University of Pennsylvania with a Bachelor of Arts degree in History.

**Molly Baker**

Molly joined Barton Investment Management in May 2013. Molly has been working in and around the financial markets since 1992, when she joined CS First Boston as a financial analyst in the telecommunications, media and transportation group. After completing the investment banking program, Molly moved to *The Wall Street Journal*, where she wrote the daily *Small Stock Focus* column and covered the NASDAQ, technology, the internet and initial public offerings. Upon moving to Philadelphia, Molly spent a year following an aggressive growth stock mutual fund during the heady days of 1998. The resulting book, *High-Flying Adventures in the Stock Market*, was an Amazon.com Best Business Book of 2000. Molly continued to write about technology companies and trends for *The Philadelphia Inquirer* and *The Wall Street Journal* until joining Barton in 2013. At Barton, Molly is focused on compliance, client communications, and the firm's marketing and business development efforts. Molly graduated with a Bachelor of Arts degree in East Asian Studies from Yale University, where she was a member of the Women's Ice Hockey team and the Yale Daily News.

Barton Investment Management LLC ("Barton") provides continuous and regular supervisory or management services. Barton gives continuous advice to its clients based on the individual needs of each client. Barton provides investment supervisory services to individuals, high net worth individuals, pension and profit sharing plans and charities. Barton manages accounts on a discretionary and non-discretionary basis. In circumstances where Barton has discretion, it has discretionary authority regarding the securities to be bought or sold and the amount of securities to be bought or sold. Account supervision is guided by the stated objectives of the client (i.e., maximum capital appreciation, growth, income, or growth and income). Consideration is given to the allocation of assets to equity and fixed income securities and recommendations and selections are tailored to the individual's overall investment objective.

## **Assets Under Management**

Barton's Assets under Management are calculated as of December 31, 2014.

Discretionary Assets:           \$314,688,000

Non Discretionary Assets:   \$   0

Total:                               \$314,688,000

## **Item 5 – Fees and Compensation**

Generally, a minimum of \$1,000,000 of assets under management is required for accounts, although there may be exceptions from time to time. Under certain circumstances, certain assets are excluded from fee calculations.

The client may terminate an investment advisory or financial planning agreement at any time on written notice, and Barton may terminate the agreement after thirty days written notice.

### **FEES- PERCENTAGE OF ASSETS UNDER MANAGEMENT**

Client's Basic Fee Schedule is as follows:

#### **Equity and Balanced Portfolios:**

Market Value	Fee
On the first \$5 million	1.0%
Accounts over \$5 million	0.8%

Fees are payable quarterly in advance based upon the calendar quarter end market value of the previous calendar quarter, as provided by the custodian (market value or fair market values in the absence of market value, plus any credit balance or minus any debit balance) of the client's account. A group of family accounts may be considered as one account in computing the annual fee. Fees are negotiable. Fees which may be paid in advance are refunded on a pro-rata basis if the service is terminated within the payment period.

Barton will send its statements to clients no less than quarterly. The fixed fee will be pro-rated for any portion of a billing period during which an agreement is in effect. Client will authorize Barton to invoice directly the custodian specified in the Advisory Services Agreement for such management fees earned by Barton. Where a fee is based on asset value, such value shall be determined by Barton, unless otherwise determined by the custodian, at the close of business on the last business day of the billing period.

We also offer our monitoring services for a 0.1% fee subject to a combined family minimum fee of \$10,000 per year. Monitored accounts may hold positions in mutual funds including ETFs and will bear a proportionate amount of the operating expenses of the various funds in which they are invested, including management fees that are paid to the funds' advisers. Barton has no financial interest in such payments.

Barton's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, 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. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus.

Such charges, fees and commissions are exclusive of and in addition to Barton's fee, and Barton shall not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors that Barton considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

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

Barton does not charge any performance-based fees (fees based on a share of capital gains or capital appreciation of the assets of a client).

#### **Item 7 – Types of Clients**

Barton provides portfolio management services to individuals, high net worth individuals, pension and profit-sharing plans, and charitable organizations.

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

Investing in securities involves risk of loss that clients should be prepared to bear.

##### Methods of Analysis

Our security analysis methods include fundamental analysis of industry sectors and individual securities. Our main sources of information are the inspection of corporate activities, annual reports, prospectuses and filings with the Securities and Exchange

Commission and other regulators, research prepared by others, corporate ratings services and company press releases.

### Investment Strategies

We believe in focused investing because the universe of pioneering enterprises with profitable business models is always quite small. Our typical managed portfolios are concentrated in ten to fifteen specific holdings.

We believe in a fundamental understanding of each of our portfolio companies. We place significant emphasis on understanding the value-added service or product offering of each company. We endeavor to recast the income statements of each company to determine their 'real' economic earnings. We specifically embrace companies with meaningful ownership by founders and management.

We are long-term investors with a median holding period of more than three years. Within the subset of our most successful holdings, we rarely do more than periodically trim our positions in order to fully benefit from their entrepreneurial success. Most of our modest turnover involves recognizing errors in fundamental analysis.

Our portfolios are tax-efficient because we defer most of our portfolio gains for many years. In addition, most of our realized returns are in the form of tax-advantaged dividends and long-term capital gains.

Because we invest in younger companies, we accept the reality of significant short-term market value fluctuations. Our focus is on controlling risk by understanding company fundamentals.

In order to better serve many of our clients, we will also oversee 'monitored' portfolios of no-load mutual funds, existing low-cost basis equities, high quality debt securities, and cash equivalents.

### Risks

Investing involves risk, including possible loss of principal.

#### Equities Risk

Systematic risk: Economic crisis, interest rates, political turmoil, recession and a host of other factors can cause systematic risk. Systematic risk affects the market as a whole. A broad range of securities in an investor's portfolio are exposed to systematic risk. This risk impacts the entire markets and cannot be mitigated through diversification.

Correlation risk is the risk that two assets will not move up or down in value as predicted. Correlation between stock price movements can also compound uncertainties. News



pertaining to some stocks can trigger fluctuations in some other stocks with a high correlation.

Liquidity risk is the risk that a security is unable to be sold in a timely manner to prevent significant loss or to reap desired profits. Stocks that are traded in low volumes are referred to as illiquid and are difficult to sell.

Sector risk is the danger that the stocks of many of the companies in one sector (like health care or technology) will fall in price at the same time because of an event that affects the entire industry.

#### **Fixed Income Risk**

Bonds and bond funds will decrease in value as interest rates rise. Investment return and principal value will fluctuate so that a fixed income investment, when sold or redeemed, may be worth more or less than the original cost and potentially subject to capital gains taxes. Tax-exempt fixed income strategies invest in securities designed to pay income that is exempt from certain income taxes, but a portion of the income may be subject to federal or state income taxes or the alternative minimum tax. Federal or state changes in income or alternative minimum tax rates or in the tax treatment of municipal bonds may make them less attractive as investments and cause them to lose value.

### **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Barton or the integrity of Barton. Barton Investment Management has no information applicable to this Item.

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

Barton is not involved in any other financial industry activities and affiliations.

### **Item 11 – Code of Ethics**

Barton has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Barton must acknowledge the terms of the Code of Ethics annually, or as amended.

Barton's employees and persons associated with Barton are required to follow Barton's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of Barton and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for Barton's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Barton 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 Barton's clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. 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 continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between Barton and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with Barton's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. Barton will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

Barton's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Molly Baker.

It is Barton's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. Barton will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed 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 adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, 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 adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

## Item 12 – Brokerage Practices

Barton will select those brokers or dealers which will provide the best price and execution. Best price is normally an important factor in this decision, but the selection also takes into account the reasonableness of commissions, the quality of brokerage services, including such factors as execution capability, willingness to commit capital, creditworthiness and financial stability and clearance and settlement capability. Accordingly, transactions will not always be executed at the lowest available price or commission.

Barton receives unsolicited research reports from various broker-dealers that receive client commissions. Receipt of these unsolicited reports is not contingent upon any level of brokerage business and Barton has not entered into any contract or agreement concerning these reports. Barton does not receive any other research or products or services from any broker-dealer or third party in connection with client securities transactions ("soft dollar benefits").

Some clients, when undertaking an advisory relationship, have an existing brokerage relationship, and they will instruct Barton to execute all transactions through the broker with which this brokerage relationship already exists.

In the event that a client directs Barton to use a particular broker or dealer, Barton may be unable, under those circumstances, to negotiate commissions and to obtain volume discounts or best execution and clients who direct Barton to use a particular broker or dealer may pay higher commission charges. In addition, under these circumstances there may be a disparity in commission charges to clients who direct Barton to use a particular broker or dealer.

Barton allocates securities and advisory recommendations among its clients in a fair and equitable manner. From time to time, Barton may aggregate orders on behalf of its advisory clients, including its clients that are investment companies. In these cases, transaction costs are shared proportionately by the fund or account, as applicable, which are part of the block. If an aggregated trade is not completely filled, then the Adviser typically allocates the trade among the funds or accounts, as applicable, on a pro rata basis based upon account size. Exemptions are permitted on a case-by-case basis when judged by the Adviser to be fair and reasonable to the funds or accounts involved.

Barton has implemented procedures (the "Allocation Procedures") to prevent any client account from being systematically disadvantaged by the aggregation of orders. The Allocation Procedures require the distribution of investment opportunities among eligible client accounts based on a number of factors, including the client's goals, the investment guidelines for the accounts, the account's portfolios, the client's instructions to Barton, the available cash and purchasing power of the accounts and Barton's judgment.

### **Item 13 – Review of Accounts**

Accounts are reviewed by a portfolio manager at least quarterly. Management of accounts is continuous so review may also be undertaken because of changes in market conditions, changes of securities positions or changes in investment goals or policies. Clients receive quarterly reports outlining cost and market value of all assets, a history of transactions during the preceding period, and a summary of all gains and losses secured.

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

Barton is not involved in any client referral agreements for fees or other compensation.

### **Item 15 – Custody**

Barton does not have custody of client funds or securities. Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. Baldwin urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

### **Item 16 – Investment Discretion**

For discretionary clients, Barton requests that it be provided with written authority to determine which securities are bought or sold and the amounts thereof.

Barton usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account. Investment discretion is granted to Barton by the client by the execution of a limited power of attorney. This power of attorney is a part of the Barton Investment Management Account and the brokerage account application.

When selecting securities and determining amounts, Barton observes the investment policies, limitations and restrictions of the clients for which it advises. Investment guidelines and restrictions must be provided to Barton in writing.

Clients that select discretionary accounts have the opportunity to impose reasonable investment restrictions applicable to Client's assets. Investment restrictions must be reasonable, as solely determined by Barton, and must be complete and consistent with applicable law.

Barton will observe the investment restrictions that the Client provides, if deemed reasonable; provided that Barton reserves the right to seek further direction from the Client before any such investment restrictions are observed.

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

Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios.

On occasion, Barton will accept responsibility to vote client proxies. In those limited instances, J. Barton Riley is solely responsible for the voting. J. Barton Riley reviews all proxies for which he has voting responsibility and votes according to the clients' general instructions. Barton's clients or prospective clients may request a copy of the firm's Proxy Voting Procedures by contacting Molly Baker.

#### **Item 18 – Financial Information**

Barton Investment Management has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.