

# **BURGESS INVESTMENT MANAGEMENT AND RESEARCH INC.**

## **FIRM BROCHURE**

**(Part 2A of Form ADV)**

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This brochure provides information about the qualifications and business practices of Burgess Investment Management and Research Inc. If you have any questions about the contents of this brochure, please contact us at: (416) 622-8698 or by email at: [gburgess@burgessinvestmentmanagement.com](mailto:gburgess@burgessinvestmentmanagement.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any states securities authority.

Additional information about Burgess Investment Management and Research Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 - Material Changes**

There are no material changes to this brochure.

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## **Item 4 - Advisory Business**

### **Description of the Firm**

Burgess Investment Management and Research Inc. (“the Firm”) provides discretionary investment advisory services primarily to individuals and their related entities (trusts, corporations, and individual pension plans). Clients hold accounts in their or their related entity’s name at a qualified independent custodian and grant Burgess Investment Management and Research Inc. discretionary authority to manage the investments in the account.

Burgess Investment Management and Research Inc. charges each client a fee monthly or quarterly as agreed with the client and in arrears (after the service has been provided) based upon a percentage of the value of the assets in the client’s account (“management fee”). The Firm’s fee structure is described in the Fees and Compensation section of this brochure (Item 5 below). These management fees are the sole source of revenue for the Firm. The Firm will not accept commissions or other fees related to any investments that it selects to purchase for clients, and the Firm will not pay fees to third parties to refer clients to the Firm (a.k.a. “referral fees”).

The Firm is incorporated in Toronto, Canada and began operations on June 18, 2018.

The principal owner of the Firm is Gregory W. Burgess, who is President and Chief Compliance Officer of the Firm.

### **Types of Advisory Services**

Burgess Investment Management and Research Inc. develops a specific portfolio strategy for each client based on a core portfolio that is consistent with the client’s investment objective and is suitable for the client given his or her financial circumstances and aversion toward risk.

### **Core Portfolios Based on Investment Objective**

<b>Investment Objective</b>	<b>Core Asset(s) of the Portfolio</b>
Long-term Growth	High Quality Domestic Stocks
Balanced (Income and Growth)	High Quality Domestic Stocks, Preferred Stocks, and Bonds
Income	High Quality Domestic Preferred Stocks and Bonds
Capital Preservation	High Quality Money Market Securities

The Firm utilizes its research (fundamental and quantitative) that covers a broad array of asset classes (domestic and international stocks, domestic and international bonds and preferred stocks, and money market securities) to identify a long-term portfolio strategy (mix of asset classes) for the client that seeks to enhance the tradeoff between risk and potential return. The objective of the process is to identify an asset mix that the Firm believes is a better alternative than holding just the core asset(s) of the portfolio. Clients may also impose investment restrictions on the portfolio.

The Firm utilizes index funds (open-end mutual funds and Exchange Traded Funds), individual stocks, preferred stocks, bonds, money market securities, and occasionally, closed-end funds, to implement its strategies. The Firm seeks to identify investments that can be held for long periods, usually greater than five years (with the exception of short-term bonds and money market securities) when making investment selections. The Firm does not seek to earn returns for investors through trading securities and market timing activities.

There are costs related to buying and selling these investments (brokerage costs), which clients pay directly from their accounts. In addition to brokerage costs, there are additional fees and expenses related to management of index funds and closed-end funds the Firm buys and sells for its clients, these expenses can include fees paid to the manager of the fund and costs to maintain and service the

fund. These costs generally tend to be low with respect to index funds and higher with respect to closed-end funds. The Firm is very sensitive to these costs and seeks to minimize them in the best interests of clients. The Firm will discuss these additional costs with the client at the time the portfolio strategy is designed and can provide a summary of these costs with respect to a client's portfolio upon request.

In summary, the Firm strives to provide investment advisory services at a reasonable cost to individuals and their related entities that enable each client to hold a sound, customized portfolio that is in accordance with an investment objective that both the client and the Firm agree is appropriate given the client's financial circumstances, preferences, and objectives.

### **Current Assets Under Management**

The Firm commenced operations on June 18, 2018. As of December 31, 2018, the Firm had US \$72.6 million of assets under management, of which \$71.4 million were discretionary assets. You may request a current summary of assets under management from the Firm at any time by calling or writing using the numbers and addresses provided on the cover of this brochure.

## Item 5 - Fees and Compensation

Burgess Investment Management and Research Inc. charges each client a fee (the “management fee”) monthly or quarterly and in arrears (after the service has been provided) based upon a percentage of the market value of the assets in the client’s accounts (“management fee”). The Firm’s tiered fee structure is shown in the table below.

### **Annualized Management Fee Weighted Fee Schedule**

<b>Portion of Client’s Assets Between:</b>		<b>Annualized Fee</b>
\$0	\$250,000	0.900%
\$250,001	\$1,000,000	0.750%
\$1,000,001	\$2,500,000	0.625%
\$2,500,000 and above		0.500%

- **Fees are negotiable.**

The Firm will aggregate the market value of a client’s accounts (accounts of related individuals living in the same household) at the end of each month or quarter depending on the agreement with the client and calculate a “monthly or quarterly fee rate” to assess its management fee.

### **Example Fee Calculation**

To better understand the Firm’s management fee, consider the following example of a husband, wife, and aunt living in the same household. At the end of the month of April, the husband and wife each had an account managed by the Firm with a market value of \$1,250,000 and the aunt had an account with a market value \$500,000. Thus, collectively, the client’s household has accounts with \$3,000,000 under management at the end of the month. The clients agreed to paying their fees monthly and in arrears. The fee rate applied to each account would be calculated as follows:

**First: Calculate the Annualized Rate Utilizing the Tiered Fee Schedule Above**

$$(\$250,000 \times 0.900\% + \$750,000 \times 0.750\% + \$1,500,000 \times 0.625\% + \$500,000 \times 0.50\%) \div \$3,000,000 = 0.658\%.$$

- The annualized rate is always rounded down to the nearest third decimal place of a percentage point, i.e., 0.658% in this example.

**Second: Convert the Annualized Rate to a Monthly Rate**

$$\text{Monthly Rate} = (\text{Number of Days in the Month})/365 \times \text{Annualized Rate}$$

$$(30 \text{ Days in April})/365 \times 0.658\% = 0.054\%$$

- The monthly rate is also always rounded down to the nearest third decimal place of a percentage point, i.e., 0.054% in this example.
- No adjustment is made for the annual day count in leap years - the Firm always divides the number of days in the month by 365.

Thus, each member of the client's household would be charged a fee of 0.054% of the market value of his or her account after the last day of April. The management fees in this case would be as follows:

**Client's Fees for Month of April**

Person in Client's Household	Market Value of Person's Account	Monthly Fee Rate	Fee Amount for Month of April
Husband	\$1,250,000	0.054%	\$675.00
Wife	\$1,250,000	0.054%	\$675.00
Aunt	\$500,000	0.054%	\$270.00

The fee amount is rounded down to the nearest cent.

**Payment of Management Fees**

Clients may have their monthly or quarterly fees billed to the custodian of the account and deducted by the custodian and paid to the Firm or billed by the Firm directly to the client, in which case the



client is responsible for remitting a check to the Firm for payment of the fees. It is the Firm's preferred method to bill the fees to the custodian, which reduces the cost of collecting fees and helps the Firm to maintain reasonable management fees.

### **Other Fees and Expenses**

Burgess Investment Management and Research Inc. will not accept commissions or other fees related to any investments that it selects to purchase for clients, and the Firm will not pay fees to third parties to refer clients to the Firm (a.k.a. "referral fees").

Clients, however, will pay additional fees and expenses above and beyond the management fee paid to the Firm that are associated with the underlying investments in the account, purchasing and selling investments (brokerage costs), and for services provided by the custodian, e.g., a fee to execute a wire of funds to the client's bank account.

Costs associated with the underlying investments are the management fees and expenses associated with index funds (whether open-end mutual funds or ETFs) and closed-end funds. Fees and expenses associated with index funds are typically lower than those associated with other types of mutual funds, for example, actively managed funds, and closed-end funds. The Firm typically only purchases a closed-end fund when it is trading at a discount to the market value of its underlying portfolio, and as such, the Firm believes the extra fees involved are outweighed by the value of purchasing the fund at a discount to the market value of its underlying portfolio of investments.

When the Firm purchases or sells an ETF, closed-end fund, or individual security, clients will pay brokerage costs. The Firm seeks to keep these costs low by following strategies that do not require frequent trading. A summary of brokerage costs paid can be provided by the Firm upon request. There may also be fees for buying or selling shares of open-end mutual funds. Please see the section on Brokerage Practices (Item 12 below) for more details concerning brokerage costs.

The custodian may also charge clients for services it provides to clients and receive commissions for acting as a broker. A summary of the charges assessed by the custodian will be provided by the Firm when a client opens an account and then at least annually and upon request by the client.

## **Item 6 - Performance Based Fees and Side-by-Side Management**

Burgess Investment Management and Research Inc. does not charge performance based fees.

All clients are charged a management fee based solely upon assets under management as described in the section on Fees and Compensation (Item 5 above).

## **Item 7 - Types of Clients**

Burgess Investment Management and Research Inc. (“the Firm”) provides discretionary investment advisory services primarily to individuals and their related entities (trusts, corporations, and individual pension plans).

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

Burgess Investment Management and Research Inc. develops a specific portfolio strategy for clients by beginning with a core portfolio that is consistent with the client's investment objective and is suitable for the client given his or her financial circumstances and aversion toward risk.

Investment Objective	Core Asset(s) of the Portfolio
Long-term Growth	High Quality Domestic Stocks
Balanced (Income and Growth)	High Quality Domestic Stocks, Preferred Stocks, and Bonds
Income	High Quality Domestic Preferred Stocks and Bonds
Capital Preservation	High Quality Money Market Securities

The Firm then utilizes its research (fundamental and quantitative) that covers a broad array of asset classes (domestic and international stocks, domestic and international bonds and preferred stocks, and money market securities) to identify a long-term portfolio strategy (mix of asset classes) for the client that seeks to enhance the relationship between risk and return. Thus, the objective of the process is to identify an asset mix that the Firm believes is a better alternative than holding just the core asset(s) of the portfolio.

The Firm utilizes index funds (open-end mutual funds and Exchange Traded Funds), individual stocks, preferred stocks, bonds, money market securities, and occasionally, closed-end funds, to implement its strategies. The Firm seeks to identify investments that can be held for long periods, usually greater than five years (with the exception of short-term bonds and money market securities) when making investment selections. The Firm does not seek to earn returns for investors through short-term trading of securities or market timing activities. Clients should expect trading of securities to be infrequent and generally associated with rebalancing, investing new assets, liquidations to fund a withdrawal, or changes in a strategy for a client.

## Material Risks Associated with Our Investment Strategy

*The following is a summary of the general risks of investing. Please note that this list is not exhaustive, and has been provided as an indication of the factors that can affect the value of the investments that comprise the strategy for a client.*

**Equity Risk:** Investors in equity securities may be exposed to a high level of risk because the prices of equity securities can fall significantly in a short period of time. Stock prices can decline significantly because of events related to companies or industries and factors that negatively impact the economy or the stock market in general.

**Credit Risk:** A fixed income security, such as a bond, is essentially a promise to pay interest and repay a specified amount or principal at a later date. The probability that the issuer of the fixed income security will fail to meet that promise is called credit risk. Credit rating agencies attempt to assess the risk that an issuer will default on its obligations to pay interest, dividends, and repay principal. If a company or government has a high credit rating, the credit risk tends to be low. A low credit rating often means there is a substantially higher risk of default.

**Interest Rate Risk:** A change in the general level of interest rates is one of the most significant factors that affect fixed-income securities. An interest rate on a bond, for example, is based on the level of interest rates prevailing when the bond was issued. Generally, if interest rates fall, the values of previously issued bonds rise. On the other hand, if interest rates rise, the prices of existing bonds will likely fall because they may pay less interest than newly issued bonds.

**Inflation Risk:** Inflation risk is the risk of a decline in the purchasing power of an investor's savings due to a general rise in prices.

**Foreign Currency Risk:** Investing in securities that are priced in foreign currencies involves foreign currency risk. Securities that are priced in foreign currencies can lose value when the U.S. Dollar rises in value against foreign currencies. As well, foreign and domestic governments may impose currency exchange restrictions, which could limit the ability to buy and sell certain foreign investments and could reduce the value of the foreign securities that are held by investors.

**Liquidity Risk:** Liquidity refers to the speed and ease with which an asset can be sold and converted into cash. Many securities can be sold easily and at a fair price. In highly volatile markets, certain securities may become less liquid, which means they cannot be sold as quickly or easily. Some securities may be illiquid because of legal restrictions, the nature of the investment, or certain

other features such as guarantees or a lack of buyers interested in the particular security or market. Difficulty in selling securities may result in a loss or reduced return for an investor.

**Exchange Traded Fund Risk:** Exchange-traded funds (“ETFs”) that track an index are like open-end mutual funds that are referred to as index funds, but can be bought and sold like common stocks on stock exchanges:

- an ETF may fail to accurately track the market segment or index that underlies its investment objective;
- the market price of an ETF’s securities may trade at a discount to its net asset value;
- an active trading market for an ETF’s securities may not develop or be maintained;
- the sponsor of the ETF may decide to cease operating the fund; and
- there is no assurance that the requirements of an exchange necessary to maintain the listing of an ETF will continue to be met.

**Non-U.S. Investments Risk:** Investments outside the United States or denominated in non-U.S. currencies pose currency exchange risks as well as a range of other potential risks which could include, depending on the country involved, expropriation, confiscatory taxation, political or social instability, illiquidity, price volatility and market manipulation. In addition, less information may be available regarding non-U.S. issuers and non-U.S. companies may not be subject to accounting, auditing and financial reporting standards and requirements comparable to or as uniform as those of U.S. companies.

**Cybersecurity Risk:** With the increased use of technologies such as the Internet to conduct business, clients are susceptible to operational, information security and related risks. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber attacks include, but are not limited to, gaining unauthorized access to digital systems (e.g., through “hacking” or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber attacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of service attacks on websites (i.e., efforts to make network services unavailable to intended users). Cyber incidents affecting the Firm and other service providers (including, but not limited to, accountants, custodians, transfer agents and financial intermediaries) have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, interference with the ability to value the securities or other investments held by a client, impediments to trading, the inability to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other

compensation costs, or additional compliance costs. Similar adverse consequences could result from cyber incidents affecting issuers of securities in which a client invests, counterparties with which a client engages in transactions, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions (including financial intermediaries and service providers) and other parties. In addition, substantial costs may be incurred in order to prevent any cyber incidents in the future. While the service providers used by the Firm have established business continuity plans in the event of, and risk management systems to prevent, such cyber incidents, there are inherent limitations in such plans and systems including the possibility that certain risks have not been identified. Furthermore, the Firm cannot control the cyber security plans and systems put in place by its service providers or any other third parties whose operations may affect the clients. The clients could be negatively impacted as a result.

## **Item 9 - Disciplinary Information**

Not applicable.



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

Not applicable.

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

Burgess Investment Management and Research Inc. maintains a Code of Ethics (“Code”). The purpose of the Code is to reinforce the fiduciary principles that govern our conduct.

All of the actions of our employees, interns, and contract employees are governed by this Code, each of whom must act in the best interest of our clients, avoid any real or potential conflicts of interest, and conduct their personal activities with the utmost integrity.

The Code is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with making decisions in your best interest.

The following is a summary of our Code:

1. The Code requires compliance with federal securities laws.
2. The Code contains standards of business conduct including prohibitions on insider trading, fraudulent or deceptive acts and statements, and the malicious creation or spreading of rumors.
3. The Code places restrictions on certain outside activities of employees, including securities transactions, and gifts to and from clients.
4. The Code requires review and reporting of personal securities transactions.
5. The Code obligates employees to report violations and the Firm to enforce sanctions.
6. The Code requires annual acknowledgement by employees of the provisions of the Code as amended from time to time.

We monitor the trading of the accounts of our employees and related individuals. All of our employees who have managed accounts pay fees to the Firm in the same manner as our clients.

When we make investment decisions that require us to buy or sell securities for clients, we often conduct bulk trades (grouping trades for more than one client) and allocate shares fairly, on a pro rata basis, at the average price obtained for the securities purchased or sold. These trades may include allocations to employee accounts, and in such a case, the trades require prior approval from The Firm’s Chief Compliance Officer. If it is deemed by the Chief Compliance Officer that the trade results may be impacted negatively by employee participation, resulting in a higher or lower price than

otherwise would be the case, the Chief Compliance Officer will exclude the employee trades and direct the Firm to conduct client trades before employee trades.

The Chief Compliance Officer of the Firm must continuously monitor trading of employees and prepare quarterly reviews of all employee trading activity including related persons, e.g., spouses of employees.

Clients or prospective clients may obtain a copy of the Code by contacting Greg Burgess, our Chief Compliance Officer, at 416-622-8698 or [gburgess@burgessinvestmentmanagement.com](mailto:gburgess@burgessinvestmentmanagement.com).

## **Item 12 - Brokerage Practices**

Burgess Investment Management and Research Inc. selects brokers to execute client transactions based upon the quality of execution provided by the broker. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the brokerage services provided, execution capability, commission rates, and responsiveness. Accordingly, while Burgess Investment Management and Research Inc. will seek competitive rates, to the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions.

Burgess Investment Management and Research Inc. does not receive referrals from brokers, and the Firm does not participate in any third party referral arrangements. The Firm also does not participate in any client directed brokerage programs, where a client is referred to the Firm based on the use of a particular broker.

### **Soft-Dollar Arrangements with Respect to Research**

Burgess Investment Management and Research Inc. does not use soft dollars for research in connection with the execution of transactions. As a result, we do not make brokerage decisions based upon whether a brokerage firm provides research to the Firm. We conduct all of our research using primary sources and other information, data, and reports we purchase from firms with whom we do not have a brokerage relationship.

### **Aggregation of Orders and Trade Allocation**

When feasible, Burgess Investment Management and Research Inc. will aggregate for execution as a single transaction orders for the purchase or sale of a particular security for the accounts of several clients to seek a fair and equitable allocation. Shares purchased and sold in such a transaction are allocated on a pro-rata basis using the average price obtained.

## **Item 13 - Review of Accounts**

Burgess Investment Management and Research Inc. reviews client accounts monthly against their asset allocation targets and rebalances them if necessary (buying or selling securities to bring a client's portfolio in line with its asset allocation targets).

At least once annually, a representative of the Firm will review your investment strategy with you and make any changes necessary based upon changes in your financial circumstances or objectives.

The Firm issues quarterly reports to its clients that include a summary of the asset allocation of the account, a summary of its holdings, and a listing of transactions.

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

Burgess Investment Management and Research Inc. does not compensate outside parties for client referrals and does not participate in referral arrangements.

## **Item 15 - Custody**

Our clients engage an independent broker-dealer and custodian to maintain their accounts.

Clients give our Firm trading authorization to manage the investments in the accounts. Clients may also authorize us to instruct the custodian to deduct our management fees directly from their accounts, as described in the section, Fees and Compensation (Item 5 above). In such cases, Burgess Investment Management and Research Inc. is considered to have custody. This custody is due to the direct withdrawal of fees.

The custodian will send quarterly account statements directly to the client. We encourage our clients to carefully review the statements received from the custodian and compare the information reported on the statements provided by our Firm.

Burgess Investment Management and Research Inc. is not affiliated with any custodian. The custodian does not supervise Burgess Investment Management and Research Inc., its agents or activities.

## **Item 16 - Investment Discretion**

Burgess Investment Management and Research Inc. accepts discretionary authority to manage the investments in client accounts. Under such an arrangement, we will normally have the authority to supervise and direct the investments of and for the client's account without prior consultation with the client. Pursuant to this discretionary authority, we normally will determine which securities are bought and sold for the account and the total amount of such purchases and sales, based on the risk and investment objectives of the client. Our authority may be subject to conditions imposed by the client, e.g., where the client restricts or prohibits transactions in certain types.

Discretionary authority is granted to Burgess Investment Management and Research Inc. by the client in two ways. Firstly, the Firm and the client execute an Investment Management Agreement, which describes the duties of the Firm with respect to the client and the fees, among other important items. Secondly, the client must grant Burgess Investment Management and Research Inc. trading authorization with respect to their account, which is submitted to the custodian and approved by the custodian.



## **Item 17 -Voting Client Securities**

Unless otherwise directed by the client, the Firm will vote proxies for discretionary client assets. Generally, we vote in a manner that generally supports management while carefully limiting risk to investors to the greatest extent possible. The guidelines enable us to fulfill our fiduciary duty to vote independently while recognizing that our main goal is to enhance returns and to invest in companies in which we are generally comfortable with existing management and boards.

You may choose to vote proxies instead of allowing us to do so.

You may obtain a copy of our Proxy Policies, as well as information about how your securities were voted by please contact us at: (416) 622-8698, or by email at: [gburgess@burgessinvestmentmanagement.com](mailto:gburgess@burgessinvestmentmanagement.com).

## **Item 18 - Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about their financial condition.

We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to you and we have not been the subject of a bankruptcy proceeding.

## **Item 19 - Requirements for State-Registered Advisers**

We have no information applicable to this Item as we are registered with the SEC under the Investment Advisers Act of 1940, as amended.