

## Item 1: Cover Page

### **Part 2A of Form ADV Firm Brochure**

October 15, 2024

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This brochure provides information about the qualifications and business practices of James T. Borello & Co. If you have any questions about the contents of this brochure, please contact us at 847-426-0200 or email [contact@borellos.com](mailto:contact@borellos.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission. Registration with the SEC or State Regulatory Authority does not imply a certain level of skill or expertise.

Additional information James T. Borello & Co. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2: Material Changes**

This Firm Brochure is our disclosure document prepared according to regulatory requirements and rules. The following changes have been made to this Brochure since the last annual amendment filing dated October 4, 2023:

The assets under management have been updated as of September 30, 2024.

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## Item 4: Advisory Business

### A. James T. Borello & Co.

James T. Borello & Co. ("JTB" and/or "the firm"), is an registered investment adviser principally owned by Daniel J. Borello. James T. Borello & Co. has been offering financial planning and investment advisory services since 1992. James T. Borello is the President and Chief Compliance Officer of the firm.

### B. Advisory Services Offered

JTB is an independent investment advisory and financial planning firm offering a variety of financial services to individuals, high-net-worth individuals, small businesses, trusts, and other legal entities. Advisory services may include financial planning, retirement and education planning, investment recommendations, tax preparation and planning, insurance planning, elder care, and estate planning.

All financial planning and investment advisory services are provided on a discretionary basis. JTB recommends securities transactions to its clients that include securities and strategies as described in Item 8 of this Brochure.

#### B.1. Financial Planning Services

JTB's financial professionals help clients make financial arrangements for a variety of life circumstances including:

- **Retirement Planning.** JTB considers both your goals for the future and your current financial situation and responsibilities, as well as the following factors:
  - Your current level of debt
  - Your household operating budget
  - How much you have saved in retirement plans like 401(k)s and IRA
  - How much you can afford to contribute to your retirement plans now and into the future
  - How much you will need to live on annually during retirement
  - Your homeownership situation
  - Your educational savings goals
  - Your estate planning objectives
- **Education Planning.** JTB advises on various savings vehicles for education as well as traditional investment accounts. We examine your current financial situation and your long-term savings objectives to craft an investing strategy that works for you.
- **Insurance Planning.** We integrate all insurance decisions into your long-term financial plans and overall tax strategy. There are many different types of insurance available to the consumer, but some are decidedly more important than others, including:
  - **Health Insurance** - Unexpected medical bills can devastate a financial plan. A serious illness or injury can quickly consume your savings. Everyone needs health insurance.
  - **Life Insurance** - If you have dependents, life insurance is an absolute necessity. Should anything happen to you, life insurance benefits will financially protect your

dependents. Additionally, life insurance can have some excellent investment potential, and some types of life insurance policies offer tax advantages.

- **Disability Insurance** - If you are unable to work because of illness or injury, disability insurance replaces your income so you do not have to suffer financially. Without it, your savings can suffer just to pay your everyday expenses.
- **Long-Term Care Insurance** - If you require in-home care, nursing home care, or assisted living in your senior years, long-term care insurance will cover the cost. Most people do not realize how expensive eldercare expenses can be. Long-term care insurance protects your retirement nest egg and exempts your relatives from the financial burden of your care.
- **Estate Planning.** JTB will provide advice on how various retirement planning vehicles can be used to maximize the value of your estate. In addition, JTB provides recommendations on tax strategies to help maximize the value of your estate.
- **Eldercare.** JTB will work both with children of aging parents and individuals interested in pre-planning for their own care. We explore a variety of options and work with you to make sure both your financial and care needs are met.

JTB gathers required information through in-depth personal interviews and questionnaires. Information gathered includes a client's current financial status, investment objectives, future goals, and attitudes towards risk. Related documents supplied by the client are carefully reviewed, for purposes of providing recommendations covering one or more of the above-mentioned topics as directed by the client. Clients will receive a written or oral report (depending on the client's preference) providing them with a detailed financial plan designed to help achieve their stated financial goals and objectives.

## **B.2. Investment Advisory Services**

JTB's discretionary investment advisory services includes providing clients with investment recommendations to create diversified portfolios that include securities and strategies described in Item 8 of this brochure. In preparing the recommendation, JTB will analyze each client's current investments, investment objectives, goals, age, time horizon, financial circumstances, investment experience, investment restrictions and limitations, and risk tolerance. JTB's objective is to review the client's tax and estate planning objectives and goals in connection with the client's investment objectives, goals, tolerance for risk, and other personal and financial circumstances and make appropriate recommendations. In addition, JTB may utilize third-party software to analyze individual security holdings utilized within the client's portfolio.

JTB's investment advisory services to clients are based on asset allocation models that, as noted above, take into account a client's personal financial circumstances, investment objectives, and tolerance for risk (e.g., cash-flow, tax, and estate). JTB's engagement with a client will include, as appropriate, the following:

- Providing assistance in reviewing the client's current investment portfolio against the client's personal and financial circumstances as disclosed to JTB in response to a questionnaire and/or in discussions with the client and reviewed in meetings with the firm.
- Analyzing the client's financial circumstances, investment holdings and strategy, and goals.
- Providing assistance in identifying a portfolio design.
- Recommending securities as outlined in Item 8 for consideration by the client.

In addition to providing JTB with information regarding their personal financial circumstances, investment objectives, and tolerance for risk, clients are required to provide the firm with any

reasonable investment restrictions that should be imposed on the management of their portfolios and to promptly notify JTB of any changes in such restrictions or in their personal financial circumstances, investment objectives, goals, and tolerance for risk.

Also Clients may engage JTB to manage and/or offer investment advice on certain investments that are not maintained at their primary custodian, such as assets held in qualified tuition 529 plans. In these situations JTB directs or recommends the allocation of client assets among the various investment options available in each plan/custodian.

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

Each client's account will be managed on the basis of the client's financial situation and investment objectives and in accordance with any reasonable restrictions imposed by the client on the management of the account - for example, restricting the type or amount of security to be purchased in the portfolio.

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

JTB does not sponsor a wrap fee program; nor is JTB a Portfolio Manager of a wrap fee program.

### **E. Client Assets Under Management**

As of September 30, 2024, JTB has the following assets under management:

Discretionary:               \$427,365,647

Non-Discretionary:       \$       0

## **Item 5: Fees and Compensation**

### **A. Methods of Compensation and Fee Schedule**

#### **A.1. Fees for Investment Advisory and Financial Planning Services**

Pursuant to an investment advisory contract signed by each client, the client will pay JTB a quarterly management fee, payable in arrears, based on the market value of portfolio assets of the account managed by JTB on the last business day of the preceding quarter. JTB's annual management fee charged to clients will be no more than 2.00%. This fee is negotiable.

JTB does not require a minimum account size. Please refer to the applicable mutual fund company prospectus for details on minimum investment amounts, costs, and related information.

### **B. Client Payment of Fees**

Asset management fees will be automatically deducted from the client account on a quarterly basis by the qualified custodian. The client will give written authorization permitting JTB to be paid directly from their account held by the custodian. The custodian will send a quarterly statement to the client which will include the amount of the advisory fee deducted from the client account.

The client is responsible for verifying the accuracy of the fee calculation, as the client's custodian will not verify the calculation.

### **C. Additional Client Fees Charged**

All fees paid for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds, broker-dealers, and custodians retained by clients. Such fees and expenses are described in each mutual fund's prospectus, and by any broker-dealer or custodian retained by the client. Clients are advised to read these materials carefully before investing. If a mutual fund also imposes sales charges, the client may pay an initial or deferred sales charge as further described in the mutual fund's prospectus. A client using JTB may be precluded from using certain mutual funds because they may not be offered by the client's custodian. Please refer to the Brokerage Practices section (Item 12) for additional information regarding the firm's brokerage practices.

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

JTB's management fee is paid in arrears therefore this question is not applicable.

A client investment advisory agreement may be canceled at any time by the client or by JTB with 30 days' prior written notice to the client. Upon termination of any account, any earned, unpaid fees will be due and payable. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement.

### **E. External Compensation for the Sale of Securities to Clients**

JTB's advisory professionals are compensated primarily through a salary and bonus structure. JTB's advisory professionals may receive commission-based compensation for the sale of insurance products. In addition, the firm may be paid sales, service, or administrative fees for the

sale of securities. Such payments may constitute a conflict of interest in that JTB may have an economic interest in effecting mutual fund transactions through such affiliate. Please see Item 10 for detailed information and conflicts of interest.

JTB is dually registered as a broker-dealer and investment advisor firm.

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

JTB does not charge performance-based fees and therefore has no economic incentive to manage clients' portfolios in any way other than what is in their best interests.

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

JTB offers its investment services to various types of clients, including individuals, high-net-worth individuals, family offices, small businesses, trusts, and other legal entities.

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

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

JTB uses a variety of sources of data to conduct its economic, investment and market analysis, such as financial newspapers and magazines, economic and market research materials prepared by others, conference calls hosted by mutual funds, corporate rating services, annual reports, prospectuses, and press releases. It is important to keep in mind that there is no specific approach to investing that guarantees success or positive returns; investing in securities involves risk of loss that clients should be prepared to bear.

JTB and its investment adviser representatives are responsible for identifying and implementing the methods of analysis used in formulating investment recommendations to clients. The methods of analysis may include quantitative methods for optimizing client portfolios, computer-based risk/return analysis, technical analysis, and statistical and/or computer models utilizing long-term economic criteria.

In addition, JTB reviews research material prepared by others, as well as corporate filings, corporate rating services, and a variety of financial publications. JTB may employ outside vendors or utilize third-party software to assist in formulating investment recommendations to clients.

#### **A.1. Mutual Funds, Exchange-Traded Funds, Individual Securities**

JTB recommends no-load and load-waived mutual funds, exchange-traded funds (ETFs), and individual securities (including fixed income instruments). Such investments may represent a variety of asset classes that may include, among others, large-, mid-, and small-cap value, growth, and core; and international and emerging markets. A description of the criteria to be used in formulating an investment recommendation for mutual funds, ETFs, and individual securities is set forth below.

JTB reviews certain quantitative and qualitative criteria related to mutual funds to formulate investment recommendations to its clients. Quantitative criteria may include:

- the performance history of a mutual fund evaluated against that of its peers and other benchmarks
- an analysis of risk-adjusted returns
- an analysis of the fund manager's contribution to the investment return (e.g., manager's alpha), standard deviation of returns over specific time periods, sector and style analysis
- the fund's fee structure
- the relevant portfolio manager's tenure

Qualitative criteria used in recommending mutual funds include the investment objectives and/or management style and philosophy of a mutual fund; a mutual fund's consistency of investment style; and employee turnover and efficiency and capacity. JTB will discuss relevant quantitative and qualitative factors pertaining to its recommendations with clients prior to a client's determination to retain a mutual fund.

Quantitative and qualitative criteria related to mutual funds are reviewed by JTB periodically or such other interval as mutually agreed upon by the client and the firm. In addition, mutual funds are reviewed to determine the extent to which their investments reflect efforts to time the market, or evidence style drift such that their portfolios no longer accurately reflect the particular asset category attributed to the mutual fund by JTB (both of which are negative factors in implementing

an asset allocation structure). Based on its review, JTB will make recommendations to clients regarding the retention or discharge of a mutual fund.

JTB will regularly review the activities of mutual funds selected by the client. Clients that invest in mutual funds should first review and understand the disclosure documents of those mutual funds, which contain information relevant to such retention or investment, including information on the methodology used to analyze securities, investment strategies, fees, and conflicts of interest.

## **A.2. Material Risks of Investment Instruments**

JTB typically invests in mutual funds, but may also provide advice on the following categories of investments:

- Equity securities
- Mutual fund securities
- Annuities
- Exchange-traded funds
- Fixed income securities
- Corporate debt securities, commercial paper, and certificates of deposit
- Municipal securities
- U.S. government securities
- Corporate debt obligations

### **A.2.a. Equity Securities**

Investing in individual companies involves inherent risk. The major risks relate to the company's capitalization, quality of the company's management, quality and cost of the company's services, the company's ability to manage costs, efficiencies in the manufacturing or service delivery process, management of litigation risk, and the company's ability to create shareholder value (i.e., increase the value of the company's stock price). Foreign securities, in addition to the general risks of equity securities, have geopolitical risk, financial transparency risk, currency risk, regulatory risk and liquidity risk.

### **A.2.b. Mutual Fund Securities**

Investing in mutual funds carries inherent risk. The major risks of investing in a mutual fund include the quality and experience of the portfolio management team and its ability to create fund value by investing in securities that have positive growth, the amount of individual company diversification, the type and amount of industry diversification, and the type and amount of sector diversification within specific industries. In addition, mutual funds tend to be tax inefficient and therefore investors may pay capital gains taxes on fund investments while not having yet sold the fund.

### **A.2.c. Variable Annuities**

If you purchase a variable annuity that is part of the program, you will receive a prospectus and should rely solely on the disclosure contained in the prospectus with respect to the terms and conditions of the variable annuity. You should also be aware that certain riders purchased with a variable annuity may limit the investment options and the ability to manage the subaccounts.

If you are investing in a variable annuity through a tax advantaged retirement plan (such as a 401(k) plan or an IRA), you will get no additional tax advantage from the variable annuity. Under these circumstances, consider buying a variable annuity only if it makes sense because of the

annuity's other features, such as lifetime income payments and death protection. The tax rules that apply to variable annuities can be complicated—before investing, you may want to consult a tax adviser about the tax consequences to you of investing in a variable annuity.

Variable annuities are designed to be long-term investments, to meet retirement and other long-range goals. Variable annuities are not suitable for meeting short-term goals because substantial taxes and insurance company charges may apply if you withdraw your money early. Variable annuities also involve investment risks, just as mutual funds do.

#### **A.2.d. Exchange-Traded Funds (“ETFs”)**

ETFs are investment companies whose shares are bought and sold on a securities exchange. An ETF holds a portfolio of securities designed to track a particular market segment or index. Some examples of ETFs are SPDRs®, streetTRACKS®, DIAMONDS<sup>SM</sup>, NASDAQ 100 Index Tracking Stock<sup>SM</sup> (“QQQs<sup>SM</sup>”), iShares® and VIPERs®. The funds could purchase an ETF to gain exposure to a portion of the U.S. or foreign market. The funds, as a shareholder of another investment company, will bear their pro rata portion of the other investment company's advisory fee and other expenses, in addition to their own expenses.

Investing in ETFs involves risk. Specifically, ETFs, depending on the underlying portfolio and its size, can have wide price (bid and ask) spreads, thus diluting or negating any upward price movement of the ETF or enhancing any downward price movement. Also, ETFs require more frequent portfolio reporting by regulators and are thereby more susceptible to actions by hedge funds that could have a negative impact on the price of the ETF. Certain ETFs may employ leverage, which creates additional volatility and price risk depending on the amount of leverage utilized, the collateral and the liquidity of the supporting collateral.

Further, the use of leverage (i.e., employ the use of margin) generally results in additional interest costs to the ETF. Certain ETFs are highly leveraged and therefore have additional volatility and liquidity risk. Volatility and liquidity can severely and negatively impact the price of the ETF's underlying portfolio securities, thereby causing significant price fluctuations of the ETF.

#### **A.2.e. Fixed Income Securities**

Fixed income securities carry additional risks than those of equity securities described above. These risks include the company's ability to retire its debt at maturity, the current interest rate environment, the coupon interest rate promised to bondholders, legal constraints, jurisdictional risk (U.S or foreign) and currency risk. If bonds have maturities of ten years or greater, they will likely have greater price swings when interest rates move up or down. The shorter the maturity the less volatile the price swings. Foreign bonds have liquidity and currency risk.

#### **A.2.f. Corporate Debt, Commercial Paper and Certificates of Deposit**

Fixed income securities carry additional risks than those of equity securities described above. These risks include the company's ability to retire its debt at maturity, the current interest rate environment, the coupon interest rate promised to bondholders, legal constraints, jurisdictional risk (U.S or foreign) and currency risk. If bonds have maturities of 10 years or greater, they will likely have greater price swings when interest rates move up or down. The shorter the maturity the less volatile the price swings. Foreign bonds also have liquidity and currency risk.

Commercial paper and certificates of deposit are generally considered safe instruments, although they are subject to the level of general interest rates, the credit quality of the issuing bank and the length of maturity. With respect to certificates of deposit, depending on the length

of maturity there can be prepayment penalties if the client needs to convert the certificate of deposit to cash prior to maturity.

#### **A.2.g. Municipal Securities**

Municipal securities carry additional risks than those of corporate and bank-sponsored debt securities described above. These risks include the municipality's ability to raise additional tax revenue or other revenue (in the event the bonds are revenue bonds) to pay interest on its debt and to retire its debt at maturity. Municipal bonds are generally tax free at the federal level, but may be taxable in individual states other than the state in which both the investor and municipal issuer is domiciled.

#### **A.2.h. U.S. Government Securities**

U.S. government securities include securities issued by the U.S. Treasury and by U.S. government agencies and instrumentalities. U.S. government securities may be supported by the full faith and credit of the United States.

#### **A.2.i. Corporate Debt Obligations**

Corporate debt obligations include corporate bonds, debentures, notes, commercial paper and other similar corporate debt instruments. Companies use these instruments to borrow money from investors. The issuer pays the investor a fixed or variable rate of interest and must repay the amount borrowed at maturity. Commercial paper (short-term unsecured promissory notes) is issued by companies to finance their current obligations and normally has a maturity of less than nine months. In addition, JTB may invest in corporate debt securities registered and sold in the United States by foreign issuers (Yankee bonds) and those sold outside the U.S. by foreign or U.S. issuers (Eurobonds).

### **B. Investment Strategy and Method of Analysis Material Risks**

JTB utilizes a long-term investment strategy for clients through recommending a diversified portfolio of mutual fund securities. Although equity securities carry risk as described in Item 8.A.2. above, JTB tries to mitigate such risk through recommending to clients diversified portfolios of securities.

### **C. Concentration Risks**

Although JTB recommends portfolio diversification, there is an inherent risk for clients whose investment portfolios lack diversification—that is, they have their investment portfolios heavily weighted in one security, one industry or industry sector, one geographic location, one investment manager, one type of investment instrument (equities versus fixed income). Clients who have diversified portfolios, as a general rule, incur less volatility and therefore less fluctuation in portfolio value than those who have concentrated holdings. Concentrated holdings may offer the potential for higher gain, but also offer the potential for significant loss.

## **Item 9: Disciplinary Information**

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

JTB has nothing to disclose for this item.

### **B. Administrative Enforcement Proceedings**

JTB has nothing to disclose for this item.

### **C. Self-Regulatory Organization Enforcement Proceedings**

JTB has nothing to disclose for this item.

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

### **A. Broker-Dealer or Representative Registration**

JTB is dually licensed as a broker-dealer and investment adviser. As a result, the firm is subject to the general oversight of the Financial Industry Regulatory Authority Inc. ("FINRA"). As such, clients should understand that their personal and account information is available to FINRA for the fulfillment of their regulatory oversight obligations and duties.

Individuals within the firm are dually licensed as Investment Advisor Representatives and Registered Representatives of the broker-dealer.

### **B. Futures or Commodity Registration**

Neither JTB nor its affiliates are registered as a commodity firm, futures commission merchant, commodity pool operator, or commodity trading adviser and do not have an application to register pending.

### **C. Material Relationships Maintained by this Advisory Business and Conflicts of Interest**

#### **C.1. Broker-Dealer Registration**

JTB is dually licensed as a broker-dealer and investment adviser. JTB professionals who effect transactions for advisory clients may receive transaction or commission compensation. The recommendation of securities transactions for commission creates a conflict of interest in that JTB is economically incented to effect securities transactions for clients. Although JTB strives to put its clients' interests first, such recommendations may be viewed as being in the best interests of JTB rather than in the client's best interest. JTB advisory clients are not compelled to effect securities transactions on a commission basis. All commissions will be disclosed to clients in advance.

#### **C.2. Insurance Sales**

Certain managers, members, and registered employees of JTB are licensed insurance agents. With respect to the provision of financial planning services, JTB professionals may recommend insurance products offered by such carriers for whom they function as an agent and receive a commission for doing so. Please be advised there is a potential conflict of interest in that there is an economic incentive to recommend insurance and other investment products of such carriers. Please also be advised that JTB strives to put its clients' interests first and foremost. Other than for insurance products that require a securities license, such as variable insurance products, clients may utilize any insurance carrier or insurance agency they desire. For products requiring a securities and insurance license, clients may be limited to those insurance carriers that have a selling agreement with JTB's employing broker-dealer. All commissions will be disclosed to clients in advance.

#### **C.3. Tax Preparation Services**

JTB professionals are Enrolled Agents and trained to provide tax preparation services. Clients of JTB are not solicited for this service, however, should clients engage JTB professionals for tax preparation services they need to be aware that JTB professionals will be compensated for this service. The receipt of compensation by JTB professionals creates a conflict of interest. To

mitigate this conflict, all fees associated with the tax preparation services will be disclosed to clients in advance.

**D. Recommendation or Selection of Other Investment Advisors and Conflicts of Interest**

JTB does not recommend or select other investment advisors for clients.

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

### **A. Code of Ethics Description**

In accordance with the Advisers Act, JTB has adopted policies and procedures designed to detect and prevent insider trading. In addition, JTB has adopted a Code of Ethics (the "Code"). Among other things, the Code includes written procedures governing the conduct of the firm's advisory and access persons. The Code also imposes certain reporting obligations on persons subject to the Code. The Code and applicable securities transactions are monitored by the Chief Compliance Officer of the firm. JTB will send clients a copy of its Code of Ethics upon written request.

JTB has policies and procedures in place to ensure that the interests of its clients are given preference over those of the firm, its affiliates, and its employees. For example, there are policies in place to prevent the misappropriation of material non-public information, and such other policies and procedures reasonably designed to comply with federal and state securities laws.

### **B. Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest**

JTB does not engage in principal trading (i.e., the practice of selling stock to advisory clients from a firm's inventory or buying stocks from advisory clients into a firm's inventory). In addition, JTB does not recommend any securities to advisory clients in which it has some proprietary or ownership interest.

### **C. Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest**

JTB, its affiliates, employees and their families, trusts, estates, charitable organizations and retirement plans established by it may purchase the same securities as are purchased for clients in accordance with its Code of Ethics policies and procedures. The personal securities transactions by advisory representatives and employees may raise potential conflicts of interest when they trade in a security that is:

- owned by the client, or
- considered for purchase or sale for the client.

Such conflict generally refers to the practice of front-running (trading ahead of the client), which JTB specifically prohibits. JTB has adopted policies and procedures that are intended to address these conflicts of interest. These policies and procedures:

- require our advisory representatives and employees to act in the client's best interest
- prohibit fraudulent conduct in connection with the trading of securities in a client account
- prohibit employees from personally benefitting by causing a client to act, or fail to act in making investment decisions
- prohibit the firm or its employees from profiting or causing others to profit on knowledge of completed or contemplated client transactions
- allocate investment opportunities in a fair and equitable manner
- provide for the review of transactions to discover and correct any trades that result in an advisory representative or employee benefitting at the expense of a client.

Advisory representatives and employees must follow JTB's procedures when purchasing or selling the same securities purchased or sold for the client.

**D. Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest**

JTB, its affiliates, employees and their families, trusts, estates, charitable organizations, and retirement plans established by it may effect securities transactions for their own accounts that differ from those recommended or effected for other of the firm's clients. It is the policy of JTB to place the client's interests above those of the firm and its employees.

## Item 12: Brokerage Practices

### A. Factors Used to Select Broker-Dealers for Client Transactions

#### A. Custodian Recommendations

JTB participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC. TD Ameritrade is an independent and unaffiliated SEC-registered broker-dealer. TD Ameritrade offers to independent investment Advisors services which include custody of securities, trade execution, clearance and settlement of transactions. JTB receives some benefits from TD Ameritrade through its participation in the program. (Please see the disclosure under Item 14 below.)

##### A.1. Soft Dollar Arrangements

As a result of participating in the TD Ameritrade Institutional Program, JTB receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to JTB by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by JTB's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit JTB but may not benefit its Client accounts. These products or services may assist JTB in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help JTB manage and further develop its business enterprise. The benefits received by JTB or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade.

##### A.2. Brokerage for Client Referrals

JTB does not receive client referrals from any broker-dealer or third party as a result of the firm selecting or recommending that broker-dealer to clients.

##### A.3. Directed Brokerage

JTB recommends that all clients use TD Ameritrade Institutional Program for execution and/or custodial services. TD Ameritrade Institutional Program is recommended based on criteria such as, but not limited to, reasonableness of commissions charged to the client, tools and services made available to the client and the Advisor, and convenience of access to the account trading and reporting. The client will provide authority to JTB to direct all transactions through TD Ameritrade Institutional Program in the investment advisory agreement.

As an investment advisory firm, JTB has a fiduciary duty to seek best execution for client transactions. While best execution is difficult to define and challenging to measure, there is some consensus that it does not solely mean the achievement of the best price on a given

transaction. Rather, it appears to be a collective consideration of factors concerning the trade in question. Such factors include the security being traded, the price of the trade, the speed of the execution, apparent conditions in the market, and the specific needs of the client. JTB's primary objectives when placing orders for the purchase and sale of securities for client accounts is to obtain the most favorable net results taking into account such factors as 1) price, 2) size of order, 3) difficulty of execution, 4) confidentiality and 5) skill required of the broker. JTB may not necessarily pay the lowest commission or commission equivalent as specific transactions may involve specialized services on the part of the broker.

## **B. Aggregating Securities Transactions for Client Accounts**

Through the TD Ameritrade Institutional Program, JTB will be able to combine orders into block trades when more than one account is participating in the trade. This blocking or bunching technique must be equitable and potentially advantageous for each such account (e.g. for the purposes of reducing brokerage commissions or obtaining a more favorable execution price). Block trading is performed when it is consistent with the duty to seek best execution and is consistent with the terms of JTB's investment advisory agreements. Equity trades are blocked based upon fairness to client, both in the participation of their account, and in the allocation of orders for the accounts of more than one client. Allocations of all orders are performed in a timely and efficient manner. All managed accounts participating in a block execution receive the same execution price (average share price) for the securities purchased or sold in a trading day. Any portion of an order that remains unfilled at the end of a given day will be rewritten on the following day as a new order with a new daily average price to be determined at the end of the following day. Due to the low liquidity of certain securities, broker availability may be limited. Open orders are worked until they are completely filled, which may span the course of several days. If an order is filled in its entirety, securities purchased in the aggregated transaction will be allocated among the accounts participating in the trade in accordance with the allocation statement. If an order is partially filled, the securities will be allocated pro rata based on the allocation statement. JTB may allocate trades in a different manner than indicated on the allocation statement (non-pro rata) only if all managed accounts receive fair and equitable treatment.

## **Item 13: Review of Accounts**

### **A. Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved**

JTB, at its discretion, may prepare a customized financial plan for a client. Each client account is reviewed periodically or as specified in the client's financial plan. Reviews include an inspection of portfolio holdings, change in account values, and actual allocation of the account as compared to the recommended allocation. Reviews are conducted by JTB's investment adviser representatives.

### **B. Review of Client Accounts on Non-Periodic Basis**

JTB may perform ad hoc reviews on an as-needed basis if there have been material changes in the client's investment objectives or risk tolerance, or a material change in how the firm formulates investment advice.

### **C. Content of Client-Provided Reports and Frequency**

All investment advisory clients receive written reports of their accounts on at least a quarterly basis. Investment advisory clients also receive standard account statements from the custodian of their accounts on at least a quarterly basis.

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

### **A. Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest**

As disclosed under Item 12 above, JTB participates in TD Ameritrade's institutional customer program and JTB will recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between JTB's participation in the program and the investment advice it gives to its Clients, although JTB receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to JTB by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by JTB's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit JTB but may not benefit its Client accounts. These products or services may assist JTB in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help JTB manage and further develop its business enterprise. The benefits received by JTB or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, JTB endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by JTB or its related persons in and of itself creates a potential conflict of interest and may indirectly influence JTB's choice of TD Ameritrade for custody and brokerage services.

### **B. Advisory Firm Payments for Client Referrals**

JTB does not make payment for client referrals.

## Item 15: Custody

JTB is deemed to have custody of client assets if you authorize us to instruct the qualified custodian, TD Ameritrade Institutional Program (“qualified custodian”) to deduct our advisory fees directly from your account. The qualified custodian utilized by JTB maintains actual custody of your assets. The client will receive written statements no less than quarterly from the custodian. The custodian will send a quarterly statement to the client which will include the amount of the advisory fee deducted from the account. JTB encourages clients to carefully review/compare their account statements for any inaccuracies. Any discrepancies should be immediately brought to the firm’s attention.

## **Item 16: Investment Discretion**

JTB generally has discretion over the selection and amount of securities to be bought or sold in client accounts without obtaining prior consent or approval from the client for each transaction. However, these purchases or sales may be subject to specified investment objectives, guidelines, or limitations previously set forth by the client and agreed to by JTB.

Discretionary authority will only be provided upon full disclosure to the client. The granting of such authority will be evidenced by the client's execution of an Investment Advisory Agreement containing all applicable limitations to such authority. All discretionary trades made by JTB will be in accordance with each client's investment objectives and goals.

## Item 17: Voting Client Securities

JTB will not vote, nor advise clients how to vote, proxies for securities held in client accounts. The client clearly keeps the authority and responsibility for the voting of these proxies. Also, JTB cannot give any advice or take any action with respect to the voting of these proxies. The client and JTB agree to this by contract. Clients will receive proxy solicitations from their custodian and/or transfer agent.

Except as required by applicable law, JTB will not be obligated to render advice or take any action on behalf of clients with respect to assets presently or formerly held in their accounts that become the subject of any legal proceedings, including bankruptcies.

From time to time, securities held in the accounts of clients will be the subject of class action lawsuits. JTB has no obligation to determine if securities held by the client are subject to a pending or resolved class action lawsuit. JTB also has no duty to evaluate a client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, JTB has no obligation or responsibility to initiate litigation to recover damages on behalf of clients who may have been injured as a result of actions, misconduct, or negligence by corporate management of issuers whose securities are held by clients.

Where JTB receives written or electronic notice of a class action lawsuit, settlement, or verdict affecting securities owned by a client, it will forward all notices, proof of claim forms, and other materials to the client. Electronic mail is acceptable where appropriate and where the client has authorized contact in this manner.

## **Item 18: Financial Information**

### **A. Balance Sheet**

JTB does not require the prepayment of fees of \$1,200 or more, six months or more in advance, and as such is not required to file a balance sheet.

### **B. Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients**

JTB has discretionary authority over client accounts and is not aware of any financial condition that will likely impair its ability to meet contractual commitments to clients. If JTB does become aware of any such financial condition, this brochure will be updated and clients will be notified.

### **C. Bankruptcy Petitions During the Past Ten Years**

There are no bankruptcy petitions to report.