

**Item 1            Cover Page**

Bott-Anderson Partners, Inc.

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**This brochure provides information about the qualifications and business practices of Bott-Anderson Partners, Inc. If you have any questions about the contents of this brochure, please contact us at (904) 280-8995. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about Bott-Anderson Partners, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

Bott-Anderson Partners, Inc. is a "registered investment adviser". Please know that such a statement and registration does not imply a certain level of skill or training.

**Item 2            Material Changes**

As this is Bott-Anderson Partners Inc.'s first Form ADV Part 2 Brochure, there are no material changes from any previous brochures.

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#### **Item 4            Advisory Business**

Bott-Anderson Partners, Inc. was founded in 2003 and is wholly-owned by its two principals, Gerald F. Bott and John K. Anderson, Jr. Our primary focus is providing independent investment consulting services to both corporate and non-profit organizations. We are fully registered with the SEC and the State of Florida but are not affiliated with any FINRA member firm and/or FINRA broker-dealer organization.

The principals of Bott-Anderson Partners have extensive professional and volunteer experience with hospitals and other non-profit organizations. Bott-Anderson Partners currently consults to 10 non-profit organizations, and its principals have served and continue to serve on the Boards of numerous non-profit organizations. We truly believe that our personal experience is unmatched. A key hallmark of our firm is our personal involvement with every client; we feel that we are able to serve the investment consulting needs of our clients in a superior fashion.

We are a fee-based investment consulting firm which derives 100% of its revenues from such services. We do not engage in any other businesses, including securities-related activities such as trust, custodial or investment management (securities-picking) services.

Bott-Anderson Partners is not a broker/dealer. Bott-Anderson Partners does not provide asset custody services as such services are available inexpensively and efficiently from both brokerage firms and trust companies. We utilize the competitively priced custody services of several different broker dealers. We closely monitor the cost of such services and have often found opportunities with our clients to dramatically reduce expenses through analysis and comparative pricing. We do not accept any commissions from any external sources.

When introductory fees or breakpoint trading discounts are made available to Bott-Anderson Partners, these fees or discounts are captured for the benefit of our clients, and are fully applied (100%) to offset our consulting fees. Again, our revenue is derived entirely from our investment consulting services.

Our greatest strengths are fivefold:

- 1) Client advocacy
- 2) Ratio of client accounts-to-consultant
- 3) Access to research
- 4) Manager screening process
- 5) Tenured professionals

At Bott-Anderson Partners, we view ourselves, first and foremost, as client advocates. Our role as your independent investment consultant is to sit “on your side of the desk” as we work together to select, engage and monitor the best asset managers available to manage each sector of your portfolio. Our

relationships with our clients are personal and first name. Our experience in healthcare especially allows us to truly add value well beyond the scope of investment portfolio management.

Among our firm's strengths is our client to consultant ratio (our coverage ratio). Presently, we have a coverage ratio of better than 10:1. The size of our business is a tremendous advantage to our clients. Our high coverage ratio is proof that your account and its goal of achieving its stated objective is paramount. The attention and focus you will receive from Bott-Anderson is unlike the diluted monitoring that you would receive from larger, less focused firms, whose consultants often are assigned coverage on upwards of 40 accounts.

At Bott-Anderson our clients are not just a file or account number. We build long lasting personal relationships. Furthermore, we do not "allow the meter to run" on phone calls or e-mails to our clients. Our fee is inclusive of all client communications.

Bott-Anderson Partners meets directly with clients each quarter, and upon request, will meet off-quarter to accommodate any schedule. During our quarterly review meetings, we break down complex, quantitative measurements into digestible and relevant information to effectively convey, communicate, and educate our clients. We also provide a weekly economic commentary to our consulting clients. By building clients' comfort level with the markets and the tools we use, we further enhance our consulting relationship and our inherent value. Over time, our clients have regularly commented that this hands-on approach has helped them better fulfill fiduciary duties, if any.

Our greatest strength lies in the experience of the professionals at Bott-Anderson Partners. Unlike our larger competition, who staff their firms with fresh out of school MBA's, our clients are serviced by our principals.

We are confident that our firm's size, coverage ratio, together with the deep and varied experience of our managing partners and managing directors allows us to provide unparalleled service to our clients.

***Bios:***

**John K. Anderson, Jr. – Managing Partner**

Prior to forming Bott-Anderson Partners, Mr. Anderson was Executive Vice President, Treasurer, and Chief Financial Officer for American Heritage Life Investment Company of Jacksonville, Florida. American Heritage is a former NYSE listed group of life insurance companies now owned by Allstate, offering a full-line of life and voluntary health, disability and accident products marketed primarily at the workplace. Total assets exceeded \$2.9 billion.

During the period of 1990 to 1996, Mr. Anderson served as President and CEO of two major Cleveland-based healthcare-related corporations and took one of those companies public to a NYSE listing.

Mr. Anderson served as Executive Vice President and Chief Financial Officer for Baptist Health Systems, Inc. of Jacksonville from 1984 to 1990. Baptist Health Systems at that time was a \$400 million

healthcare system, which included three not-for-profit hospitals, a diversified for-profit health products and services company and an active foundation which reported to Mr. Anderson.

Prior to his service with Baptist Health, Mr. Anderson held senior investment banking positions with two healthcare investment banking firms and worked as a certified public accountant with the predecessor to Ernst & Young in Chicago, Illinois.

Mr. Anderson is a registered financial principal, and a past certified public accountant. He is also Chairman of the Audit Committee and Vice Chairman of the board of directors of FPIC Insurance Group (FPIC), a Jacksonville-based publicly traded medical malpractice insurance company, and a member of the advisory board of directors of CNL Bank – First Coast, a Jacksonville-based commercial bank.

Mr. Anderson has served in leadership positions in a number of local civic organizations. He is immediate past chairman of the board of Baptist Medical Center Beaches. He is a past treasurer of the Jacksonville Chamber of Commerce, past member of the board of directors for the American Cancer Society of Jacksonville, past member of the board of directors for the Catholic Foundation of the Diocese of St. Augustine and past treasurer of the board of directors of the MS Society of North Florida.

Mr. Anderson graduated from Notre Dame in 1970 with degree in Business Administration/Accounting followed by a Masters Degree (Double Major) in Finance/Industrial Relations from Northwestern University in 1971.

#### **Gerald F. Bott – Managing Partner**

Mr. Bott began his investment career with Merrill Lynch and following his training, was assigned to various positions in New York, London, Chicago and Oakland.

From 1972 – 1973 he held a senior position with Eastman Dillon Union Securities as Partner in charge, New York Retail Sales Division. Mr. Bott joined Kidder Peabody & Company in 1973 and became a Partner/Shareholder in 1978. Mr. Bott rejoined Merrill Lynch in 1989 through the acquisition of Kidder Peabody (Florida Division) and its consulting group and retired from Merrill Lynch in December 2001.

In addition to his extensive business experience in investment consulting, Mr. Bott has served as Development Chairman of Holy Cross Hospital in Ft. Lauderdale, as Trustee of the Foundation for Health Care, and a trustee of Hospice Northeast Florida. Mr. Bott is a former member of the Advisory Board for Baptist Health System – Beaches and is a current member of the Scholarship Advisory Board – The University of Arizona. He also served as a Director and member of the Executive Committee of the Alumni Board at the University of Arizona from 2001 through 2005, and was also a member of the President's Council.

In 1999, Jerry was recognized in "Who's Who of Investment Management Consulting". He holds a Bachelor of Finance/Economics degree from the University of Arizona (1964) and a Consulting certification from the Wharton Business School (1988-89).

**Timothy J. Anderson – Managing Director**

Prior to joining Bott-Anderson Partners, Mr. Timothy Anderson was a practicing attorney specializing in medical malpractice defense and commercial defense litigation. During his legal career he was responsible for all aspects of litigation, from pre-suit negotiation, oral arguments, trial and post trial appeals and resolution. His caseload included both State and Federal jurisdictions.

Prior to law school, from 2000 through 2002, Mr. Anderson served as a Legislative Assistant and Military Legislative Aide on Capitol Hill in Washington, D.C., working with Congressman Ander Crenshaw and later with Congressman John L. Mica. He was the aide exclusively charged with the development of policy positions and legislative drafting for the areas of Banking, Finance, Tax, Budget, Small Business, Healthcare, Social Security, Regulatory Reform and Economic Development.

From 1999 through 2000, Mr. Anderson was a Senior Associate within the Business Advisory Services group of PricewaterhouseCoopers. While at PricewaterhouseCoopers Mr. Anderson serviced multiple Fortune 500 audit clients including Siemens, Tyco, Allmerica Financial, Citistreet, and State Street Funds. He participated in the acquisition of Siemens' Components Division by Tyco, a \$1.1 billion cash transaction.

Mr. Anderson graduated from the Boston College School of Management Honors Program with a degree in accounting and finance. He obtained a General Course Degree from the London School of Economics in 1997. Mr. Anderson is a graduate of the Florida Levin College of Law, and is a member of the Florida bar. Mr. Anderson has also completed an executive course in Investment Strategies and Portfolio Management at the University of Pennsylvania Wharton School of Management.

Mr. Anderson is actively involved in the community with multiple pro-bono clients. He regularly guest lectures at the Florida Levin College of Law on the topic of advanced financial statement analysis.

## Item 5 Fees and Compensation

### Full Service Fee Structure:

0.28% on the first \$10 million of investment assets

0.14% on investment assets in excess of \$10 million

Minimum Fee: \$10,000.00

Maximum Fee: \$90,000.00

Services Include: Investment Policy Design & Implementation  
Asset Allocation Modeling (By Investment Style)  
Manager Search / Peer (Style) Analysis  
Performance Evaluation (Quarterly)  
Vendor Fee and Service Negotiations

### 401k / 403b Review Services:

0.10% of Assets - Minimum Fee: \$15,000.00 / Maximum Fee: \$50,000 Per Annum (Prorated Quarterly)  
Plus out of pocket expenses.

Replacement of Fund Vendor Fee: Subject to Scope of the Project.

### Special Projects:

\$250.00 per hour plus out-of-pocket expenses.

\*Fees are not negotiable, however Bott-Anderson will waive certain fees when appropriate.

### Billing Practices

Bott-Anderson bills *clients* for fees incurred quarterly in arrears.

If Bott-Anderson is paid a “marketing” or “referral” fee or commission for deploying client assets to investments such monies received by Bott-Anderson are credited 100% to the corresponding client’s invoice. In no circumstances does Bott-Anderson profit from the selection of an investment manager for a client.

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

Bott-Anderson Partners does not charge performance based fees on any accounts.

**Item 7                      Types of *Clients***

Bott-Anderson Partners currently consults to 35 clients, equally split between high net worth individuals, not-for-profit corporations and foundations, and pension and 401(k) plans. While there is no minimum account size, our minimum fee is cost prohibitive for accounts below a certain size.

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

Every investment in securities involves risk of loss that *clients* should be prepared to bear. There are no risk free investments in the world.

At Bott-Anderson we strive to mitigate this risk through a thorough understanding of a client's risk tolerance and the construction of asset allocation models to mirror such a tolerance. After building the model we present it to the client and requires them to ratify the strategy.

In order to implement the strategy we perform manager searches to pick the various managers who have historically outperformed the market, and performed in a manner superior to their peer group over time. After our search is complete we present the managers to our clients and explain the variables used to identify such best performers. Ultimately our client ratifies our suggestions or requires us to perform the search using different qualifiers.

Bott-Anderson does not make security buy or sell decisions.

Primarily Bott-Anderson recommends tradition asset allocation models comprised of equities and fixed income securities. When a client requests, we will expand that portfolio into various other strategies, including but not limited to: long short funds, commodity pools and managed futures.

**Item 9                      Disciplinary Information**

Bott-Anderson Partners has not been party to any litigation or administrative hearing. Furthermore, neither Bott-Anderson Partners nor its principals have ever been subject to any disciplinary proceeding.

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

Bott-Anderson is not a broker-dealer.



Bott-Anderson does not have relationships or arrangements material to our advisory business with ANY outside entity. Bott-Anderson chooses broker dealers, custodians and money managers based solely on the best interest of our clients. Bott-Anderson does not receive compensation from any such entity.

In summary, Bott-Anderson is not conflicted in any way when offering advice to our clients.

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

Pursuant to both the internal ethics of Bott-Anderson and SEC rule 204A-1 and similar state rules, Bott-Anderson maintains and updates yearly an internal Code of Conduct and Ethics. Bott-Anderson provides a copy of to any client or prospective client both upon request and at the onset of contract services.

The Bott-Anderson Code of Conduct and Ethics is as follows:

***Code of Conduct and Ethics***

The Bott-Anderson Code of Conduct and Ethics is intended to be a fundamental part of our investment consulting practice of providing our clients the information needed to make intelligent and proper decisions regarding the investment assets under their responsibility.

Our consulting services, regardless of the account size and investment agenda, will be provided pursuant to the following:

- **Independence and Objectivity:** Bott-Anderson is a fee only organization. We will work diligently to maintain independence and objectivity in our consulting activities. We have a duty to our clients to act with the utmost in care and exercise prudent judgment in assisting our clients in meeting their investment objectives.
- **Suitability of Investment Agenda:** Bott-Anderson will make appropriate inquiries into the client's or prospective client's investment objectives, experience, risk tolerance and financial constraints prior to making any investment recommendations.

Bott-Anderson will provide the client (or prospective client) a risk tolerance questionnaire for completion as part of our due diligence. If there is a current Investment Policy, we will review said policy in conjunction with the risk-tolerance questionnaire to determine if the policy should be revised or maintained as written.

- **Confidentiality of Client Information:** Bott-Anderson will not disclose any client information and/or use a client as a reference without permission.
- **Client Communication – Quarterly Performance Presentations:** Bott-Anderson will always communicate investment performance in a manner that will ensure it is fair and accurate. We

will use objective analysis in identifying which factors are important to the investment analysis, what actions or recommendations should be taken and the process and expected benefit to be derived from recommendations or actions taken.

- **Conflicts of Interest:** Bott-Anderson will make full disclosure of any and all relationships with investment managers, institutions or other organizations. It is our policy that any fees offered by an investment organization will be accepted only if such fees can be applied fully to offset client invoices or other expenses incurred by or on behalf of a client.
- **Record Keeping:** Bott-Anderson will maintain, either in hard copy or electronic copy, all investment recommendations, investment policies, manager analysis and quarterly performance reviews for a period of 5 years.

This Code of Conduct and Ethics will be reviewed and updated annually.

Bott-Anderson does not make buy or sell decisions on individual securities on behalf of our clients. Therefore, although the principals at Bott-Anderson would never seek to benefit from personal trading based on client recommendation, such an activity would be and simply is impossible.

## **Item 12 Brokerage Practices**

At Bott-Anderson the only criteria we consider when recommending broker-dealers for client transactions are quality and expense. Quality centers around manager platform and best execution while we expect our clients to be treated in a favorable way when it comes to expense. As a result of decades of experience we at Bott-Anderson know the range to expect when broker-dealers price an asset allocation model.

Bott-Anderson receives no benefit from any broker-dealer relationship. There are zero “soft-dollar” benefits asked for by Bott-Anderson from any broker-dealer.

Therefore, there is no incentive for Bott-Anderson to pick any broker-dealer other than to serve the best interest of our clients.

Bott-Anderson has, in the past, received client referrals from broker-dealers. However, Bott-Anderson in no way factors such referrals into the broker-dealer hiring decision. In other words, in no way would a client referral from a broker-dealer make Bott-Anderson more likely to recommend said broker-dealer unless that broker-dealer was the best fit for our client. There simply is no conflict of interest.

**Item 13      Review of Accounts**

Bott-Anderson Partners is small by design. The fact that we have a limited number of clients allows us to review client accounts almost continuously, but quarterly at the very least. Rebalancing and the positive effect it has on portfolio performance and success requires periodic review as well.

A change in market conditions or a material change in the risk tolerance of a client would instantaneously trigger an account review as well.

Bott-Anderson compiles and presents client reports quarterly. However, if a client requests an “off-quarter” report based on a change in market condition, a change in risk tolerance, schedule conflicts or any other life change, Bott-Anderson provides this free of charge.

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

Bott-Anderson Partners has a relationship with an independent business development contractor for the solicitation of business. This independent contractor is rewarded by commission for any business relationship forming from said solicitation. The commission paid does not create any conflicts of interest and in no way affects the services provided to any client, whether originated from the contractor or not.

**Item 15      *Custody***

Bott-Anderson Partners, Inc. does not have custody of any client funds.

**Item 16      Investment Discretion**

Bott-Anderson Partners does not accept discretion to manage any security accounts on behalf of our clients.

**Item 17      Voting *Client* Securities**

Bott-Anderson Partners does not have authority to vote client securities. Clients receive their proxies or other solicitations directly from their custodian or a transfer agent. If a client has questions about a proxy or other solicitation received they can contact Bott-Anderson as part of our underlying service agreement.

**Item 18            Financial Information**

Bott-Anderson Partners does not require or solicit prepayment for any services. Furthermore, Bott-Anderson Partners exercises no discretionary authority over, or custody of any client funds or securities.

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

Please see biographical information as included in **Item 4**.