

# O'BRIEN GREENE & CO.

i n v e s t m e n t   a d v i s o r s

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Media, PA 19063

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Form ADV Part 2A

Client Brochure

August 2, 2021

**This brochure provides information about the qualifications and business practices of O'Brien Greene & Co., Inc., a registered investment adviser. Registration does not imply a certain level of skill or training, but only indicates that O'Brien Greene & Co. has registered its business with state and federal regulatory authorities, including the United States Securities and Exchange Commission (SEC file number 801-5866). 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.**

**If you have any questions about the contents of this brochure, please contact us at: 610-891-7880, or by email at: [m.obrien@obriengreene.com](mailto:m.obrien@obriengreene.com)**

**Additional information about O'Brien Greene & Co. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)**

## Material Changes

[This is an Interim Amendment to the annual updating amendment]

### **Personal Trading** – Adding Code of Ethics disclosure reflecting:

- Employees may buy or sell securities that are also held by clients
- The Compliance Officer conducts a periodic review of all employee covered personal trading transactions
- The personal trading reviews are completed with the objective to ensure personal trading of employees does not affect the markets, and that the clients of the firm are not disadvantaged

### **Order Aggregation** – Adding Brokerage Transaction disclosure reflecting:

- Investment transactions for each client account in most cases occur independently; trade orders being originated based on client specific facts and circumstances (e.g., new cash being available or needs to raise cash for withdrawals)
- O'Brien Greene & Co. may decide to purchase or sell the same securities for several clients (including employee accounts invested in the same securities) on the same day; in such cases, we may aggregate client trades pursuant to fair and equitable trade allocation procedures

### **Disciplinary Information** – Adding a description of materials facts relating to a compliance error and resulting disciplinary event

O'Brien Greene & Co. recently consented to the entry of an order with the Securities and Exchange Commission ("SEC") and paid a civil penalty for failure to timely file with the SEC and deliver timely to retail investors the newly mandated customer relationship summaries—known as Form CRS. O'Brien Greene & Co. has remediated the compliance error by completing the Form CRS filing and delivery of the Form CRS to clients. The compliance oversight occurred in conjunction with a transition in compliance responsibilities at the firm.

### **Full Brochure Available**

If you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at 610-891-7880 or by email at [matthew.obrien@obriengreene.com](mailto:matthew.obrien@obriengreene.com)

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## **Advisory Business**

O'Brien Greene & Co. is a family managed investment advisory services business operating under the leadership of Mark and Matthew O'Brien. Mark O'Brien took over ownership and management in 1987 from Greene Associates, Inc. then led by G. Davis Greene and changed the name to O'Brien Greene & Co. Matthew O'Brien, Mark's son, assumed day-to-day leadership and ownership of the firm in June 2020. Mark O'Brien continues to serve as Chairman.

O'Brien Greene & Co. is focused on developing long-term relationships with clients that span generations and now serves more than 185 clients consisting of individuals, high net worth families, charities, and pension and profit-sharing plans.

The firm's only product is independent investment advice, for which it receives a fee based on percentage of assets under management. The firm does not sell stocks, bonds or other financial assets, and does not receive commission on the purchases or sales of securities. One of the firm's registered persons received her Certified Financial Planner (C.F.P.) designation in 2006. She offers financial planning advice to existing advisory clients for no additional fee.

The firm has a general practice and is a balanced manager of large-capitalization stocks and investment-grade bonds. The firm has special experience in bonds and small-capitalization stocks. The firm has a broad mix of clients, including insurance companies, trusts, charities, endowments, retirement plans and individuals.

The firm works with each client to define investment objectives which become the goals for future investment recommendations and decisions. Each account is individually reviewed and managed. In a quarterly review, clients receive a letter along with a detailed portfolio appraisal and performance report.

The firm does not participate in wrap-fee programs.

The firm manages \$338,363,011 in assets. \$304,275,906 is managed on a discretionary basis. \$34,087,105 is managed on a non-discretionary basis.

## Fees and Compensation

The firm negotiates fees on an individual basis for advisory services. The annual fee, which is based on a percentage of assets under management, is billed quarterly in advance. Clients may elect to have fees deducted directly from their assets or to be billed separately.

The basic fee schedule is as follows:

- 0.85% for the first \$2,000,000
- 0.75% for the next \$2,000,000
- 0.65% for the next \$1,000,000
- 0.50% thereafter

Fees will vary from the norm based upon such factors as the nature of assets, the amount of time required servicing the account, required meeting schedules, amount of communication required by clients, age of client and tax cost of securities, and newness of account relationship.

The firm has a program for the young adult children of clients. For this program there is no minimum account balance. The fee for the first year is \$250. Thereafter: 0.95% of assets. There is also a program for young professionals. The fee is 0.85% on assets.

The firm provides 401K consulting services for a fixed or hourly fee, depending on the scope of the project.

The firm does not hold any client assets. Clients choose a bank or brokerage to hold their assets. Trades are then done through the selected institution.

Clients are free to terminate the relationship at any time. The quarterly fees will be refunded on a prorated basis.

The firm does not accept compensation for the sale of securities or other investment products.

## **Performance-Based Fees and Side-By-Side Management**

O'Brien Greene & Co. accepts a performance-based fee (i.e., a fee based on the capital appreciation of the assets of the client) from one private investment company client in accordance with the provisions set forth in the Investment Advisor's Act of 1940, Section 275.205-3. Rule 205-3 was adopted with the premise that clients who are financially experienced are able to bear the risks of performance fee arrangements. O'Brien Greene & Co. is permitted to charge this client the performance fee under the "Qualified Client" net worth threshold exemption. The client is a partnership wherein all the individual partners have represented and warranted that they met the respective "qualified client" threshold in effect at the time of entering into the partnership contract. The current "qualified client" eligibility tests are (1) having net worth of \$2,200,000 or (2) having \$1,100,000 already under the management of the firm. With this one client, the performance fee amounts to 10% of the profits as averaged over a period of not less than one year. The calculation of profit is done on a cumulative basis, meaning that any loss of capital from the previous year's ending value must be made up before any fee can be paid for the current year.

The firm's supervised persons manage both the performance-based partnership fund and the other accounts that are charged an asset-based fee. The firm does not have the discretion to place client assets into the performance-based partnership fund. Any incentive the supervised persons would appear to have in directing assets to the performance based accounts, is eliminated by the fact that only certain clients meet the strict requirements described in the documents of the performance-based partnership fund. Those qualified clients must make the determination, and then sign the documents to join the partnership. Once clients join the partnership, they have the option of withdrawing their assets at the end of any calendar year.

## **Types of Clients**

The firm provides investment advice to individuals, banks, corporations, pension and profit sharing plans, trusts, estates and charitable organizations.

The minimum portfolio size is \$500,000. Certain family groups may have individual portfolios less than this, but whose total size equals at least \$500,000.

The firm has programs for the young adult children of clients and for young professionals. There is no minimum portfolio size for these clients.

The firm provides 401K consulting services to corporate sponsors of retirement plans.

## **Methods of Analysis, Investment Strategies and Risk of Loss**

The firm uses fundamental and technical analysis in evaluating securities.

The firm takes positive steps to reduce short and long-term risk by buying securities with low volatility. We favor asset-rich, value based companies that offer growth at a reasonable price. We have below-average turnover which keeps commission costs low. We educate our clients to the advantages of buying high quality securities and holding them through short-term market gyrations. We believe that if high quality stocks can be maintained over the long-term, dislocations from bad timing of purchases and sales can be minimized. We don't purchase high-risk securities, but occasionally, due to unusual market events, we find ourselves holding securities which have become high-risk. In these cases, we take action to reduce the risk.

## **Disciplinary Information**

In July 2021, O'Brien Greene & Co. ("OBG") consented to the entry of an order with the Securities and Exchange Commission ("SEC") and paid a civil penalty for failure to timely file with the SEC and deliver timely to retail investors the newly mandated customer relationship summaries—known as Form CRS. OBG has remediated the compliance error completing the Form CRS filing and delivery of the initial Form CRS to clients in March 2021. The compliance oversight occurred in conjunction with a transition in compliance responsibilities at the firm.

## **Other Financial Industry Activities and Affiliations**

No managers at the firm are registered, or have applied to register as a broker-dealer or a registered representative of a broker-dealer. No managers at the firm are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

The firm is general partner to the O'Brien Greene Small-Capitalization Stock Fund, L. P. Mark O'Brien, chairman of O'Brien Greene and Matthew O'Brien, president of O'Brien Greene are limited partners in this fund. This fund invests in small-capitalization stocks listed on major US exchanges. Clients that meet the sophisticated investor test of the Investment Advisor's Act of 1940 (the tests are itemized above on page 6) may elect to invest in the partnership. 36 clients have elected to do so. The purpose of the partnership fund is to give clients who so choose (that is, clients must sign the partnership document beforehand and are not "put" in the partnership without their prior explicit permission) limited exposure to small-capitalization stocks through a diversified pool of holdings.

The firm does not recommend or select other advisors for clients.



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

The firm's Code of Ethics consists of four parts: general standards of conduct, personal securities transaction policy, insider trading policy, and the policy on giving and receiving gifts. A full description of the Code of Ethics is available on request to clients and prospective clients.

The firm's Code of Ethics Policy allows employees to maintain personal securities accounts provided any personal investing by an employee, including any accounts for immediate family or household members, is consistent with our fiduciary duty to our clients and consistent with regulatory requirements. Each employee must identify any personal investment account, and report all reportable transactions and investment activity on at least a quarterly basis to the firm's Compliance Officer.

Employees may buy or sell securities that are also held by clients. The employee trades may occur in the same direction or in the opposite direction as done in client accounts. The Compliance Officer conducts a periodic review of all employee covered transactions. The personal trading reviews are completed with the objective to ensure personal trading of employees does not affect the markets, that employees are not materially benefiting from their advanced knowledge of client transaction and that the clients of the firm are not disadvantaged. Since most employee trades are small relative to the size of the market, employee trades are highly unlikely to affect the securities markets or clients.

The firm is general partner to the O'Brien Greene Small-Capitalization Stock Fund, L. P. Mark O'Brien, Chairman of O'Brien Greene and Matthew O'Brien, President of O'Brien Greene are limited partners in this fund. This fund invests in small-capitalization stocks listed on the major US exchanges. Clients that meet the sophisticated investor test of the Investment Advisor's Act of 1940 (the tests are itemized above on page 6) may elect to

invest in the partnership. 36 clients have elected to do so. The purpose of the partnership fund is to give clients who so choose (that is, clients must sign the partnership document beforehand and are not "put" in the partnership without their prior permission) limited exposure to small-capitalization stocks through a diversified pool of holdings.

## **Brokerage Practices**

The choice of a custodian is the client's. When the custodian is a brokerage, trades are generally done through that brokerage, but the firm can elect to do trades through outside brokers when it is the best interest of the client. When the custodian is a bank custodian, the firm recommends a broker on the basis of commission, execution ability and service. The firm may recommend a broker whose commission levels may not be the lowest if we believe it is in the client's interest to do so because of efficient settlement and execution, market insight and specific investment recommendations. The firm does not receive any compensation from the brokerages it recommends.

The firm advises clients that clients directing brokerage to a particular broker may be charged higher commission rates than those clients who authorize the applicant to select the broker.

OBG may engage in trade order aggregation if it believes it will result in timely, equitable and efficient order execution. In most cases transactions for each client account occur independently originated by the adviser on client specific facts and circumstances such as new cash available, liquidity needs, asset mix rebalancing, tax harvesting, change in objectives or other client specific considerations. In some circumstances, however, the OBG investment team may make a strategic investment change across multiple client to purchase or sell the same securities (including

employee accounts) on the same day, and in such cases, OBG may aggregate client trades pursuant to fair and equitable trade allocation procedures. In those situations, all clients will receive an average execution price for the security. Accounts will receive a pro-rata commission, if any, subject to any minimum account fees imposed by the broker who has custody of the account. In cases where a partial fill arises, accounts will be allocated on a pro rata basis.

The firm has no bills paid through soft dollar arrangements that influence commission levels or the broker used on any occasion.

## **Review of Accounts**

All accounts are under regular review by the applicant's principals and by the investment team. The securities analyst focuses on specific securities and their industries. The portfolio manager focuses on the relationship between the security and the overall portfolio and the particular client's personal investment objectives. All managed portfolios are entered into and maintained in the applicant's portfolio management system. Portfolios are reconciled daily with the custodian. In the rare case where a daily data download is not available from a custodian, the portfolio is reconciled monthly with the custodian's statements. The system also cross-references all securities, listing holders of each. This facilitates regular review both by portfolio and by individual security.

Clients may request a review meeting at any time.

The firm sends each client a written quarterly appraisal of his portfolio. This appraisal lists each security by category, showing amount held, cost basis, market value, income, yield, and proportion of account assets. A letter is prepared which accompanies these appraisals. The letter summarizes recent changes, measures performance, and compares this with the stock market indices, and provides an economic review and market outlook.

## **Client Referrals and Other Compensation**

The firm has no arrangements, oral or in writing, where it receives some economic benefit from a non-client in connection with giving advice to clients. The firm does not directly or indirectly compensate any person for client referrals.

## **Custody**

Each client receives monthly account statements from a qualified custodian. Clients should carefully review those statements. Each client receives a quarterly appraisal from O'Brien Greene. The firm reconciles in-house appraisals with the custodian statements on each business day. The firm encourages clients to compare the statements they receive from O'Brien Greene and the statements they receive from the custodian.

As general partner of The O'Brien Greene Small Cap Fund LP, the firm is deemed to have custody of the partnership assets. The firm will comply with the custody rule by having a full audit of the partnership conducted by a qualified independent accounting firm on an annual basis.

## **Investment Discretion**

O'Brien Greene accepts discretionary authority to manage securities accounts on behalf of clients. The firm requests clients to sign and maintain copies of limited power of attorney/trading authorization at the custodian of securities, whether the custodian is a bank or brokerage.

Some clients request prior notice before executing trades. In regard to these clients, the firm will on occasion execute trades without prior notification when the client is not available. In these instances, the firm will follow-up with a letter, e-mail, or phone call to the client. The philosophy of the firm is to keep clients informed of what they own and why on a quarterly basis, even though the firm has limited power of attorney at the custodian.

## **Voting Client Securities**

The firm will accept authority to vote client securities. In the absence of specific voting guidelines from the client, the firm will vote proxies in the best interest of each particular client.

The firm will identify any conflicts that exist between its own interests and the interests of a client, by reviewing the relationship of the firm and its employees with the issuer of each security. If a material conflict exists, the firm will disclose the conflict to the affected client, and the client will be given the opportunity to vote the proxy.

All voting records and relevant notes pertaining to voting decisions are stored for five years, and are available to clients on request.

Clients may obtain a copy of the firm's policies and procedures on voting proxies at any time by contacting the office.

When clients elect to vote their proxies, they receive the proxies directly from the custodian. Clients are welcome to contact the firm to request advice on a particular issue.

## **Financial Information**

The firm does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, and so is not required to attach a balance sheet.