

*JLB & Associates, Inc.*  
Investment Counsel

44670 Ann Arbor Road  
Suite 190  
Plymouth, MI 48170

(734) 454-9191

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

January 1, 2021

This Brochure provides information about the qualifications and business practices of JLB & Associates, Inc. If you have any questions about the contents of this Brochure, please contact us at (734) 454-9191 or [jlb@jlbinvest.com](mailto:jlb@jlbinvest.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

JLB & Associates is a registered investment advisor. Registration of an investment advisor does not imply any level of skill or training. The oral and written communications of an advisor are most useful by prospective clients in the decision-making process to determine the suitability of the advisor to manage the client's investment portfolio.

Additional information about JLB & Associates is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 – Material Changes

None

### Item 3 – Table of Contents

Item 1 – Cover Page.....	<i>i</i>
Item 2 – Material Changes.....	<i>ii</i>
Item 3 – Table of Contents.....	<i>iii</i>
Item 4 – Advisory Business.....	1
Item 5 – Fees and Compensation.....	1-2
Item 6 – Performance-Based Fees and Side-By-Side Management.....	2
Item 7 – Types of Clients.....	2
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss.....	3
Item 9 – Disciplinary Information.....	3
Item 10 – Other Financial Industry Activities and Affiliations.....	4
Item 11 – Code of Ethics.....	4-5
Item 12 – Brokerage Practices.....	6
Item 13 – Review of Accounts.....	6
Item 14 – Client Referrals and other Compensation.....	6
Item 15 – Custody.....	6
Item 16 – Investment Discretion.....	7
Item 17 – Voting Client Securities.....	7
Item 18 – Financial Information.....	7
Item 19 – Requirements for State Registered Advisors.....	7
Brochure Supplement – James E. Bashaw.....	8-9
Brochure Supplement – Christopher R. Szydlowski.....	10-11
Brochure Supplement – Tyler J. Bashaw.....	12-13

#### **Item 4 – Advisory Business**

JLB & Associates (JLB) is a registered investment advisor located in Plymouth, Michigan. We have provided investment management services to our clients since incorporation in 1983. Officers of the firm include, James E. Bashaw, President, Chief Executive Officer and Chief Compliance Officer, Christopher R. Szydlowski, Senior Vice President and Dorothy E. Bashaw, Treasurer.

We manage accounts for individuals, corporations, and pension/profit sharing plans. Our firm currently manages over 270 account relationships with over \$650 million in managed assets (as of 12/31/2020). This amount includes fee-paying accounts only.

We construct portfolios that meet our clients' objectives by investing in common stocks, bonds, or a combination thereof.

#### **Item 5 – Fees and Compensation**

Management fees are billed quarterly in arrears, based on the market value at each quarter end at one-fourth the annual rates shown below. There is no arrangement for collecting fees in advance.

<u>Annual Rate</u>	<u>Portfolio Value</u>
1.0% of the first.....	\$200,000
0.8% of the next.....	\$300,000
0.7% of the next.....	\$500,000
0.5% of the amount over.....	\$1,000,000

The specific manner in which fees are billed by JLB is included in a client's investment advisory agreement, which is reviewed with prospective clients and executed upon acceptance. The agreement specifies that investment advisory services may be terminated in writing without notice. Accounts initiated or terminated during a quarter are charged a prorated fee. Other than for aggregating related assets for billing purposes, the fee schedule is not negotiable.

In computing a client's quarterly fee, the amount is rounded to the nearest whole dollar. For example, if the total gross quarterly fee were \$510.73, the amount on the invoice would be \$511.00. If the fee were \$510.37, the amount on the invoice would be \$510.00.

## **Item 5 – Fees and Compensation (cont.)**

It is desirable, but not mandatory, that management fees be deducted directly from client accounts.

JLB's fees are exclusive of brokerage commissions, transaction fees, and other related expenses incurred by the client. Clients may incur certain charges imposed by custodians, brokers and other third parties such as custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Such charges, fees and commissions are exclusive of and in addition to JLB's fee, and JLB does not receive any portion of these commissions, fees and costs.

Mutual funds and exchange-traded funds (funds) charge internal management fees, which are disclosed in a fund's prospectus. JLB does not charge an additional management fee on any funds purchased and held on behalf of clients. In circumstances involving funds held at the inception of a new client relationship, where JLB has full investment discretion, the normal management fee will apply, as those funds will be ultimately sold in the normal course of managing the portfolio.

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

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

Side-by-side management involves managing accounts with different fee arrangements, such as performance-based fees, which may create an incentive for an advisor to recommend riskier or more speculative investments than those recommended under a different fee arrangement. JLB's fee schedule is applied uniformly to all clients; therefore, this potential conflict does not apply.

## **Item 7 – Types of Clients**

JLB provides portfolio management services to individuals, trusts, corporations, and employee benefit plans. In general, there is a minimum account size requirement of \$300,000, however, that amount can be adjusted based on such factors as an existing or associated client relationship.

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

Fundamental analysis is employed as the major foundation of common stock selection. Detailed research of economic variables and industry operating results, both historical and forecast, is used to select a universe of two hundred companies. Top priority is placed on selecting high-quality, well-managed companies.

Each common stock in this universe is ranked based on its expected return, thereby providing useful information for selecting particular investment candidates over others. By dividing the universe into “quartiles”, the uppermost “first quartile” of fifty companies represents the most attractive purchase candidates. Additionally, the ranking is useful in enforcing a “sell discipline”. If the fundamentals of a security weaken, causing it to drop into the “fourth quartile”, it becomes a candidate for sale.

The broad diversity of securities included within the universe permits flexibility in structuring portfolios with the necessary diversification. Typically, an equity portfolio will hold a balance of growth and value stocks as well as a mixture of medium and large capitalization companies. The typical number of stocks in a portfolio varies from twenty to thirty, diversified across several economic sectors and industries within those sectors. Each holding in the portfolio is approximately equally weighted at the outset, and rebalanced as necessary going forward.

The procedure for managing fixed income portfolios utilizes rate anticipation to meet client objectives. Interest rate projections are based on “top down” consideration of many variables such as the state of the current business cycle, inflation estimates, shape of the yield curve, and the relative attractiveness of equities.

U.S. corporate bonds are the primary fixed income securities purchased for portfolios. Each is chosen among high-quality issuers, BBB-rated or better at the time of purchase, with maturities that seldom exceed ten years. The bond holdings are typically diversified across several industries and issuers within the industries. Bond portfolios can be structured to provide steady income as well as to reduce overall portfolio risk.

It must be understood and acknowledged that investing in securities markets can involve levels of risk that are substantial that could result in large capital losses.

## **Item 9 – Disciplinary Information**

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client’s evaluation of JLB or the integrity of JLB’s management. Neither JLB as an advisory firm nor any of its employees have information applicable to this Item.

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

JLB does not have any other financial industry activities or affiliations.

## **Item 11 – Code of Ethics**

All officers-owners and investment advisor representatives of JLB are required to submit a signed agreement to adhere to Part III, DUTIES TO CLIENTS, of the Code of Ethics & Standards of Professional Conduct of the CFA Institute, effective July, 1 2010 which states:

### **III. DUTIES TO CLIENTS**

**A. Loyalty, Prudence, and Care.** Members and Candidates have a duty of loyalty to their clients and must act with reasonable care and exercise prudent judgment. Members and Candidates must act for the benefit of their clients and place their clients' interests before their employer's or their own interests.

**B. Fair Dealing.** Members and Candidates must deal fairly and objectively with all clients when providing investment analysis, making investment recommendations, taking investment action, or engaging in other professional activities.

#### **C. Suitability.**

**1.** When Members and Candidates are in an advisory relationship with a client, they must:

**a.** Make a reasonable inquiry into a client's or prospective client's investment experience, risk and return objectives, and financial constraints prior to making any investment recommendation or taking investment action and must reassess and update this information regularly.

**b.** Determine that an investment is suitable to the client's financial situation and consistent with the client's written objectives, mandates, and constraints before making an investment recommendation or taking investment action.

**c.** Judge the suitability of investments in the context of the client's total portfolio.

## **Item 11 – Code of Ethics (cont.)**

2. When Members and Candidates are responsible for managing a portfolio to a specific mandate, strategy, or style, they must make only investment recommendations or take only investment actions that are consistent with the stated objectives and constraints of the portfolio.

**D. Performance Presentation.** When communicating investment performance information, Members and Candidates must make reasonable efforts to ensure that it is fair, accurate, and complete.

**E. Preservation of Confidentiality.** Members and Candidates must keep information about current, former, and prospective clients confidential unless:

1. The information concerns illegal activities on the part of the client or prospective client,
2. Disclosure is required by law, or
3. The client or prospective client permits disclosure of the information.

Separately, JLB has adopted an internal Code of Ethics designed to prevent improper personal trading, to identify conflicts of interest, and to provide a means to resolve actual or potential conflicts of interest.

JLB will provide a copy of the Code of Ethics to every prospective client and any current client upon request. An offer to provide the code of ethics shall be made annually.

The officers-owners and investment advisor representatives of JLB may periodically transact in securities that may also be purchased or sold on behalf of the firm's clients. Internal procedures regarding this matter include a five-week waiting period for personal purchases of new companies added to JLB's buy list and sales of companies as so designated. This procedure allows sufficient time for transactions in all client portfolios to be effected in advance of personal transactions.



## **Item 12 – Brokerage Practices**

JLB suggests brokers/custodians to clients that offer the minimum commission rates unless there exists a need for additional services or a client/broker relationship already exists. In such instances, the client shall negotiate the commission rates with the broker. Directed brokerage arrangements will limit JLB's ability to achieve best execution. JLB will not benefit from any commission dollars paid by acquiring research or any other services.

JLB does not direct client transactions to a particular broker in return for client referrals.

## **Item 13 – Review of Accounts**

Each portfolio is reviewed at least every five weeks, thereby permitting timely adjustments to ensure conformity with the investment objectives. The number of reviewers is currently two, including the President and Senior Vice President. Detailed information on each of the reviewers can be found in the brochure supplements. Performance is measured daily for the combined equity holdings for all accounts; and, a total performance analysis, including performance by asset class is completed for each portfolio every month.

Quarterly reports are furnished to clients that chart the progress of the account since its inception. These illustrations include graphs of total assets, asset allocation, calculation of investment gain and performance by asset class. Additionally, the individual portfolio holdings are displayed with their respective current value and historical cost. Also included is a reconciliation of cash for the period, and an income summary.

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

JLB does not directly, or indirectly, compensate any firm or person for client referrals.

## **Item 15 – Custody**

JLB does not take possession of client funds or securities. At the inception of each relationship, JLB and the client mutually agree on a custodian to take and have possession of client assets.

Clients are urged to compare any reports prepared by JLB with the monthly statements from the broker, bank or other qualified custodian that holds and maintains client's investment assets.

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

JLB receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the specific investment objectives for the particular client account.

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

As a matter of firm policy and practice, JLB does not have authority to vote proxies, and does not vote proxies on behalf of advisory clients. Clients will receive their proxies or other solicitations directly from the custodian; however, clients are welcome to contact JLB with questions regarding a particular solicitation.

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

Registered investment advisors are required to provide clients with certain financial information or disclosures about JLB's financial condition. JLB has no financial commitment that impairs its ability to meet contractual and fiduciary obligations to clients, and has not been the subject of any bankruptcy proceeding.

### **Item 19 – Requirements for State-Registered Advisors**

JLB is a federally registered investment advisor, so this does not apply.