



## Form ADV Part 2A

*This brochure provides information about the qualifications and business practices of John E. Sestina and Company. If you have any questions about the contents of this brochure, please contact Andy Warning at (513) 832-5463 or by email at: [awarning@dinsmorecomplianceservices.com](mailto:awarning@dinsmorecomplianceservices.com). 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 John E. Sestina and Company is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). John E. Sestina and Company's CRD number is: 108634.*

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*Registration does not imply a certain level of skill or training.*

Version Date: 03/26/2021

## Item 2: Material Changes

There are no material changes to this brochure per this annual amendment of John E. Sestina and Company dated 03/26/2021.

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## **Item 4: Advisory Business**

### **A. Description of the Advisory Firm**

John E. Sestina and Company is an SEC-registered investment adviser with its principal place of business located in Columbus, Franklin County, Ohio. John E. Sestina and Company began conducting business in 1970.

MTBW, LLC, an Ohio limited liability company, is the sole shareholder of John E. Sestina and Company. MTBW, LLC also owns the Ohio Trade Name “John E. Sestina and Company” and does business under that name. MTBW, LLC has five owners:

- Lukan Enterprises, LLC, an Ohio limited liability company, which is solely owned by Stephen A. Lukan.
- Int2Own, LLC, an Ohio limited liability company, which is solely owned by Tyler V. Cook.
- Hilde, LLC, an Ohio limited liability company, which is solely owned by Anthony W. Payne.
- Constantinovich, LLC, an Ohio limited liability company, which is solely owned by Craig A. Constantinovich.

Lukan Enterprises, LLC and Int2Own, LLC are all of the managing members of MTBW, and they are in charge of the day-to-day operations for John E. Sestina and Company. All of the individual owners of the five LLCs listed above are financial planners that work full time at John E. Sestina and Company.

### **B. Types of Advisory Services**

#### ***Full Service Financial Planning***

We provide comprehensive financial planning services. Financial planning is a comprehensive evaluation of a client’s current and future financial state by using currently known variables to estimate future cash flows, estimated asset values, and withdrawal plans. “Individual Portfolio Management” services are included at no additional cost to those engaging in Full Service Financial Planning with John E. Sestina and Company and is included as part of the annual Full Service Financial Planning Fee.

Through the financial planning process, questions, information, and analysis are considered as they impact and are impacted by the entire financial and life situation of the client. Clients purchasing this service receive reports, which provide the client with a detailed financial plan designed to assist the client in achieving his or her financial goals and objectives.

Our comprehensive financial plan will address all of the following areas:

- **PERSONAL:** We review family records, budgeting, personal liability, estate information and financial goals.

- **INCOME PLANNING:** We analyze the client's income tax and spending and planning for past, current, and future years; then illustrate the impact of various investments on the client's current income tax, spending needs, and future tax liability.
- **NET WORTH:** We estimate and review the client's net worth for billing purposes and analyze it from many aspects including liquidity, and future growth or loss potential.
- **INVESTMENTS:** We analyze investment alternatives and their effect on the client's portfolio.
- **BUSINESS INTERESTS:** In many instances a client's business provides a substantial portion of their estimated net worth and income. We assist the client in succession planning and analysis of the ability of the business interests to satisfy the client's financial needs.
- **INSURANCE:** We review the client's existing policies and goals to advise on proper coverage for life, health, disability, long-term care, liability, home and automobile.
- **RETIREMENT:** We analyze current strategies and investment plans to help the client have a plan to achieve his or her retirement goals.
- **DEPENDENTS:** We review the client's needs of education funding.
- **ESTATE PLANNING:** We assist the client in assessing and developing long-term strategies with their attorney, including as appropriate, living trusts, wills, powers of attorney, asset protection plans, nursing homes, Medicaid, review estate tax, etc.

We gather required client information through in-depth personal interviews. Information gathered includes the client's current financial status, tax status, future goals, investment return objectives and attitudes towards risk. We carefully review documents supplied by the client, including a questionnaire completed by the client, and prepare a written financial plan. Should the client choose to implement the recommendations contained in the financial plan, we suggest the client work closely with his/her attorney, accountant, insurance agent, and/or stockbroker. Implementation of financial plan recommendations is entirely at the client's discretion. This plan also includes data management.

We also provide general non-securities advice on topics that may include tax and budgetary planning, estate planning and business planning.

Typically, the financial plan is presented to the client within two months of the contract date, provided that all information needed to prepare the financial plan has been promptly provided. The financial plan is typically reviewed quarterly.

Financial planning recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. *While we provide specific recommendations, at no time is a client required to use a specific product or service.*

### ***Individual Portfolio Management***

Our firm provides continuous asset management of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on the client's particular circumstances are established, we develop the client's personal investment policy. We create and recommend a portfolio based on that policy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As

appropriate, we may also review and discuss a client's prior investment history, as well as family composition and background.

We manage these advisory accounts on a discretionary and non-discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Once the client's portfolio has been established, we typically review the portfolio *quarterly*, and if necessary, recommend a rebalance of the portfolio as needed, based on the client's individual needs.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the securities set forth previously.

Because some types of investments involve certain additional degrees of risk, they will only be **recommended** when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

John E. Sestina and Company seeks to provide that investment decisions are made in accordance with the fiduciary duties owed to its clients and without consideration of John E. Sestina and Company's economic, investment or other financial interests. To meet its fiduciary obligations, John E. Sestina and Company attempts to avoid, among other things, investment or trading practices that systematically advantage or disadvantage certain client portfolios, and accordingly, John E. Sestina and Company's policy is to seek fair and equitable allocation of investment opportunities/transactions among its clients to avoid favoring one client over another over time. It is John E. Sestina and Company's policy to allocate investment opportunities and transactions it identifies as being appropriate and prudent, including initial public offerings ("IPOs") and other investment opportunities that might have a limited supply, among its clients on a fair and equitable basis over time.

### ***Workshops and Educational Seminars***

John E. Sestina and Company provides educational seminars and workshops on a quarterly basis at no cost to attendees.

### ***Services Limited to Specific Types of Investments***

John E. Sestina and Company generally limits its investment advice to mutual funds, fixed income securities, real estate funds (including REITs), insurance products including annuities, equities, ETFs (including ETFs in the gold and precious metal sectors), treasury inflation protected/inflation linked bonds, commodities, non-U.S. securities, venture capital funds and private placements, although John E. Sestina and Company primarily recommends mutual funds to a majority of its clients. John E. Sestina and Company may use other securities as well to help diversify a portfolio when appropriate.

## C. Client Tailored Services and Client Imposed Restrictions

John E. Sestina and Company will tailor a program for each individual client. This will include an interview session to get to know the client's specific needs and requirements as well as a plan that will be executed by John E. Sestina and Company on behalf of the client. John E. Sestina and Company may use "model portfolios" together with a specific set of recommendations for each client based on their personal restrictions, needs, and targets. Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent John E. Sestina and Company from properly servicing the client account, or if the restrictions would require John E. Sestina and Company to deviate from its standard suite of services, John E. Sestina and Company reserves the right to end the relationship.

## D. Wrap Fee Programs

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and other administrative fees. John E. Sestina and Company does not participate in any wrap fee programs.

## E. Assets Under Management

John E. Sestina and Company has the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$447,768,194	\$0.00	12/31/2020

## Item 5: Fees and Compensation

### A. Fee Schedule

#### *Full Service Financial Planning Fees*

John E. Sestina and Company's Full Service Financial Planning fee is determined based on a net worth schedule. Account values are based upon the values (market value or fair market value in the absence of market value) of the client's accounts at the beginning of the relationship or at the client's annual renewal. All fees are agreed upon prior to entering into a contract with any client.

<b>Net Worth Amount</b>	<b>Minimum Annual Fee</b>
<b>\$0.00 - \$500,000.00</b>	<b>\$3,000</b>
<b>\$500,000.01 to \$1,000,000.00</b>	<b>\$5,000</b>
<b>\$1,000,000.01 - \$1,500,000.00</b>	<b>\$6,000</b>
<b>\$1,500,000.01 - \$2,000,000.00</b>	<b>\$8,250</b>
<b>\$2,000,000.01 - \$2,500,000.00</b>	<b>\$10,000</b>
<b>\$2,500,000.01 - \$3,000,000.00</b>	<b>\$12,500</b>
<b>\$3,000,000.01 - \$3,500,000.00</b>	<b>\$15,000</b>
<b>\$3,500,000.01 - \$4,000,000.00</b>	<b>\$17,500</b>
<b>\$4,000,000.01 - \$4,500,000.00</b>	<b>\$20,000</b>
<b>\$4,500,000.01 - \$5,000,000.00</b>	<b>\$22,500</b>
<b>\$5,000,000.01 - \$6,000,000.00</b>	<b>\$25,000</b>
<b>\$6,000,000.01 - \$7,000,000.00</b>	<b>\$30,000</b>
<b>\$7,000,000.01 - \$8,000,000.00</b>	<b>\$35,000</b>
<b>\$8,000,000.01 - \$9,000,000.00</b>	<b>\$40,000</b>
<b>\$9,000,000.01 - \$10,000,000.00</b>	<b>\$45,000</b>
<b>\$10,000,000.01 +</b>	<b>Negotiable</b>

### ***Individual Portfolio Management Fees***

All assets under management are typically charged a 1% annual fee. In some cases this could be as high as 2% based on amount of client assets under management. The advisory fee is calculated using the average daily balance of the account during the billing period.

The fees for all services are generally negotiable and the final fee schedule is presented to each client. Clients may terminate the agreement without penalty for a full refund of John E. Sestina and Company's fees within five business days of signing the Investment Advisory Contract or Financial Planning Agreement. Thereafter, clients may terminate the Investment Advisory Contract immediately upon written notice.

“Individual Portfolio Management” services are included at no additional cost to those engaging in Full Service Financial Planning with John E. Sestina and Company and is included as part of the annual Full Service Financial Planning Fee.



## **B. Payment of Fees**

### ***Payment of Full Service Financial Planning Fees***

Our Full Service Financial Planning fees are calculated and charged on a fixed fee basis and are typically collected tri-annually. The annual fee will be billed in three equal installments. One third of the annual fee is due and payable upon acceptance of the Financial Planning Services Agreement and the remaining balance will be equally billed and payable at four-month intervals. In certain circumstances, we may permit clients to pay their advisory fees on either a quarterly or a monthly basis but in no event will the fees be prepaid more than six months in advance.

Client has the option to authorize fees to be paid directly through a brokerage account.

### ***Payment of Individual Portfolio Management Fees***

Asset-based portfolio management fees are withdrawn directly from the client's accounts with client's written authorization on a monthly basis. Fees are paid in arrears.

## **C. Client Responsibility For Third Party Fees**

Clients are responsible for the payment of all third party fees (i.e. custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees charged by John E. Sestina and Company. Please see Item 12 of this brochure regarding broker-dealer/custodian.

## **D. Prepayment of Fees**

John E. Sestina and Company collects fees in advance. Should service be terminated by either party, refunds for fees paid in advance will be returned within thirty days to the client via check.

## **E. Outside Compensation For the Sale of Securities to Clients**

Neither John E. Sestina and Company nor its supervised persons accept any compensation for the sale of investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

John E. Sestina and Company does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

## Item 7: Types of Clients

John E. Sestina and Company generally provides advisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- John E. Sestina and Company has updated Financial Planning service, which includes investment advice, is subject to a minimum annual fee of \$3,000. This minimum may be waived on a case by case basis. This fee may be negotiated from time to time for family, friends, and existing prior personal relationships.
- Fee for financial planning services including individual portfolio management will be paid via check unless you specify a(n) account(s) that allow(s) John E. Sestina and Company to directly debit the fee from that account on a monthly basis according to the corresponding fee amount on the net worth fee schedule. Fees paid via check are invoiced and to be paid tri-annually.
- Individual Portfolio Management service is subject to a minimum invested amount of \$100,000. This minimum may be waived on a case by case basis. This fee may be negotiated from time to time for family, friends, and existing prior personal relationships.
- Fee for Individual Portfolio Management will be directly debited from the account(s) being managed on a monthly basis. Fees will begin being collected once the account is opened and funded according to the fee schedule known as 210.
- The tiered fees corresponding to Fee Schedule 000 are:  
\$0.00 and above : 000 Basis Points
- The tiered fees corresponding to Fee Schedule 025 are:  
\$0.00 and above : 25 Basis Points
- The tiered fees corresponding to Fee Schedule 050 are:  
\$0.00 and above : 50 Basis Points
- The tiered fees corresponding to Fee Schedule 075 are:  
\$0.00 and above : 75 Basis Points
- The tiered fees corresponding to Fee Schedule 100 are:  
\$0.00 and above : 100 Basis Points
- The tiered fees corresponding to fee schedule 210 are:  
\$0.00-\$1,000,000.00 : 100 Basis Points  
\$1,000,000.01-\$2,000,000.00 : 75 Basis Points  
\$2,000,000.01 + : 50 Basis Points

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

### A. Methods of Analysis and Investment Strategies

#### *Methods of Analysis*

John E. Sestina and Company's methods of analysis include Modern portfolio theory.

**Modern portfolio theory** is a theory of investment that attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, each by carefully choosing the proportions of various assets.

#### *Investment Strategies*

John E. Sestina and Company uses long term trading.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### B. Material Risks Involved

#### *Methods of Analysis*

**Modern portfolio theory** assumes that investors are risk averse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists which has better expected returns.

#### *Investment Strategies*

**Long term trading** is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### C. Risks of Specific Securities Utilized

Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below (leaving aside Treasury Inflation Protected/Inflation Linked Bonds) are not guaranteed or insured by the FDIC or any other government agency.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond “fixed income” nature (lower risk) or stock “equity” nature.

**Equity** investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.

**Fixed income** investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.

**Exchange Traded Funds (ETFs):** An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance. Precious Metal ETFs (e.g., Gold, Silver, or Palladium Bullion backed “electronic shares” not physical metal) specifically may be negatively impacted by several unique factors, among them (1) large sales by the official sector which own a significant portion of aggregate world holdings in gold and other precious metals, (2) a significant increase in hedging activities by producers of gold or other precious metals, (3) a significant change in the attitude of speculators and investors.

**Real estate** funds (including REITs) face several kinds of risk that are inherent in the real estate sector, which historically has experienced significant fluctuations and cycles in performance. Revenues and cash flows may be adversely affected by: changes in local real estate market conditions due to changes in national or local economic conditions or changes in local property market characteristics; competition from other properties offering the same or similar services; changes in interest rates and in the state of the debt and equity credit markets; the ongoing need for capital improvements; changes in real estate tax rates and other operating expenses; adverse changes in governmental rules and fiscal policies; adverse changes in zoning laws; the impact of present or future environmental legislation and compliance with environmental laws.

**Annuities** are a retirement product for those who may have the ability to pay a premium now and want to guarantee they receive certain monthly payments or a return on investment later in the future. Annuities are contracts issued by a life insurance company designed to meet requirement or other long-term goals. An annuity is not a life insurance policy. 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.

**Private placements** carry a substantial risk as they are subject to less regulation than are publicly offered securities, the market to resell these assets under applicable securities laws may be illiquid, due to restrictions, and the liquidation may be taken at a substantial discount to the underlying value or result in the entire loss of the value of such assets.

**Venture capital funds** invest in start-up companies at an early stage of development in the interest of generating a return through an eventual realization event; the risk is high as a result of the uncertainty involved at that stage of development.

**Commodities** are tangible assets used to manufacture and produce goods or services. Commodity prices are affected by different risk factors, such as disease, storage capacity, supply, demand, delivery constraints and weather. Because of those risk factors, even a well-diversified investment in commodities can be uncertain.

**Non-U.S. securities-** present certain risks such as currency fluctuation, political and economic change, social unrest, changes in government regulation, differences in accounting and the lesser degree of accurate public information available.

**Past performance is not indicative of future results. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **Item 9: Disciplinary Information**

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

There are no criminal or civil actions to report.

### **B. Administrative Proceedings**

There are no administrative proceedings to report.

### **C. Self-regulatory Organization (SRO) Proceedings**

There are no self-regulatory organization proceedings to report.

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

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Neither John E. Sestina and Company nor its representatives are registered as, or have pending applications to become, a broker/dealer or a representative of a broker/dealer.

## **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither John E. Sestina and Company nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

## **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Neither John E. Sestina and Company nor its representatives have any material relationships to this advisory business that would present a possible conflict of interest.

## **D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections**

John E. Sestina and Company utilizes Vanguard and TIAA-Cref as a third-party investment adviser. All assets are managed by John E. Sestina and Company management.

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

## **A. Code of Ethics**

John E. Sestina and Company has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. John E. Sestina and Company's Code of Ethics is available free upon request to any client or prospective client.

## **B. Recommendations Involving Material Financial Interests**

John E. Sestina and Company does not recommend that clients buy or sell any security in which a related person to John E. Sestina and Company or John E. Sestina and Company has a material financial interest.

## **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of John E. Sestina and Company may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of John E. Sestina and Company to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. John E. Sestina and Company will always document any transactions that could be construed as conflicts of interest and will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

#### **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of John E. Sestina and Company may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of John E. Sestina and Company to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest; however, John E. Sestina and Company will never engage in trading that operates to the client's disadvantage if representatives of John E. Sestina and Company buy or sell securities at or around the same time as clients.

### **Item 12: Brokerage Practices**

#### **A. Factors Used to Select Custodians and/or Broker/Dealers**

Custodians/broker-dealers will be recommended based on John E. Sestina and Company's duty to seek "best execution," which is the obligation to seek execution of securities transactions for a client on the most favorable terms for the client under the circumstances. Clients will not necessarily pay the lowest commission or commission equivalent, and John E. Sestina and Company may also consider the market expertise and research access provided by the broker-dealer/custodian, including but not limited to access to written research, oral communication with analysts, admittance to research conferences and other resources provided by the brokers that may aid in John E. Sestina and Company's research efforts. John E. Sestina and Company will never charge a premium or commission on transactions, beyond the actual cost imposed by the broker-dealer/custodian.

John E. Sestina and Company recommends TD Ameritrade Institutional, a division of TD Ameritrade, Inc. Member FINRA/SIPCO, Charles Schwab, and Orion Portfolio Solutions.

#### **1. Research and Other Soft-Dollar Benefits**

While John E. Sestina and Company has no formal soft dollars program in which soft dollars are used to pay for third party services, John E. Sestina and Company may receive research, products, or other services from custodians and broker-dealers in connection with client securities transactions ("soft dollar benefits"). John E. Sestina and Company may enter into soft-dollar arrangements consistent with (and not outside of) the safe harbor contained in Section 28(e) of the Securities Exchange Act of 1934, as amended. There can be no assurance that any particular client will benefit from soft dollar research, whether or not the client's transactions paid for it, and John E. Sestina and Company does not seek to allocate benefits to

client accounts proportionate to any soft dollar credits generated by the accounts. John E. Sestina and Company benefits by not having to produce or pay for the research, products or services, and John E. Sestina and Company will have an incentive to recommend a broker-dealer based on receiving research or services. Clients should be aware that John E. Sestina and Company's acceptance of soft dollar benefits may result in higher commissions charged to the client by the broker.

## ***2. Brokerage for Client Referrals***

John E. Sestina and Company receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

## ***3. Clients Directing Which Broker/Dealer/Custodian to Use***

John E. Sestina and Company may permit clients to direct it to execute transactions through a specified broker-dealer. It is explained to the client that if the client directs brokerage, the client's direction with respect to the use of brokers supersedes any authority granted to John E. Sestina and Company to select brokers; this direction may result in higher brokerage commissions, which may result in a disparity between free and directed accounts; and trades for the client and other directed accounts may be executed after trades for free accounts, which may result in less favorable prices, particularly for illiquid securities or during volatile market conditions. Not all investment advisers allow their clients to direct brokerage.

### **B. Aggregating (Block) Trading for Multiple Client Accounts**

John E. Sestina and Company does not aggregate or bunch the securities to be purchased or sold for multiple clients. This may result in less favorable prices, particularly for illiquid securities or during volatile market conditions.

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

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

All client accounts for John E. Sestina and Company's advisory services provided on an ongoing basis are reviewed at least annually by the client's IAR (Investment Adviser Representative), with regard to clients' respective investment policies and risk tolerance levels.

### **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance)

### **C. Content and Frequency of Regular Reports Provided to Clients**



Each client of John E. Sestina and Company's advisory services provided on an ongoing basis will receive a quarterly report detailing the client's account, including assets held, asset value, and calculation of fees. This written report will come from the custodian.

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

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

Charles Schwab & Co., Inc. Advisor Services provides John E. Sestina and Company with access to Charles Schwab & Co., Inc. Advisor Services' institutional trading and custody services, which are typically not available to Charles Schwab & Co., Inc. Advisor Services retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Charles Schwab & Co., Inc. Advisor Services. Charles Schwab & Co., Inc. Advisor Services includes brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment. For John E. Sestina and Company client accounts maintained in its custody, Charles Schwab & Co., Inc. Advisor Services generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Charles Schwab & Co., Inc. Advisor Services or that settle into Charles Schwab & Co., Inc. Advisor Services accounts.

Charles Schwab & Co., Inc. Advisor Services also makes available to John E. Sestina and Company other products and services that benefit John E. Sestina and Company but may not benefit its clients' accounts. These benefits may include national, regional or John E. Sestina and Company specific educational events organized and/or sponsored by Charles Schwab & Co., Inc. Advisor Services. Other potential benefits may include occasional business entertainment of personnel of John E. Sestina and Company by Charles Schwab & Co., Inc. Advisor Services personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist John E. Sestina and Company in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts, if applicable), provide research, pricing information and other market data, facilitate payment of John E. Sestina and Company's fees from its clients' accounts (if applicable), and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of John E. Sestina and Company's accounts. Charles Schwab & Co., Inc. Advisor Services also makes available to John E. Sestina and Company other services intended to help John E. Sestina and Company manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, and human capital consultants, insurance and marketing. In addition, Charles Schwab & Co., Inc. Advisor Services may make available, arrange and/or pay vendors for these types of services rendered to John E. Sestina and Company by independent third parties. Charles Schwab & Co., Inc. Advisor Services may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to John E. Sestina and Company. John E. Sestina and Company is independently owned and operated and not affiliated with Charles Schwab & Co., Inc. Advisor Services.

John E. Sestina and Company participates in the institutional advisor program (the "Program") offered by TD Ameritrade. TD Ameritrade offers to independent investment advisor services which include custody of securities, trade execution, clearance and settlement of transactions. John E. Sestina and Company receives some benefits from TD Ameritrade through its participation in the Program.

As disclosed above, John E. Sestina and Company participates in TD Ameritrade's institutional advisor program and John E. Sestina and Company may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between John E. Sestina and Company's participation in the Program and the investment advice it gives to its clients, although John E. Sestina and Company 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 John E. Sestina and Company 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 John E. Sestina and Company's 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 John E. Sestina and Company by third party vendors. TD Ameritrade may also pay for business consulting and professional services received by John E. Sestina and Company's related persons. Some of the products and services made available by TD Ameritrade through the Program may benefit John E. Sestina and Company but may not benefit its client accounts. These products or services may assist John E. Sestina and Company in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help John E. Sestina and Company manage and further develop its business enterprise. The benefits received by John E. Sestina and Company 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, John E. Sestina and Company endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by John E. Sestina and Company or its related persons in and of itself creates a conflict of interest and may indirectly influence the John E. Sestina and Company's choice of TD Ameritrade for custody and brokerage services.

## **B. Compensation to Non – Advisory Personnel for Client Referrals**

John E. Sestina and Company does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

## **Item 15: Custody**

When advisory fees are deducted directly from client accounts at client's custodian, John E. Sestina and Company will be deemed to have limited custody of client's assets and must have written authorization from the client to do so. Clients will receive all account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy.

It is our policy not to take custody of client accounts. In accordance with SEC regulations, we may be considered to have custody of client securities in the following circumstances: Some clients have signed standing letters of authorization (SLOA), which allow us to transfer assets to third party accounts outside of TD Ameritrade or Schwab. However, in this scenario, we meet the seven conditions regarding Custody Rule SLOA No-Action relief, and SEC indicates it would not recommend enforcement action.

## **Item 16: Investment Discretion**

John E. Sestina and Company provides discretionary and non-discretionary investment advisory services to clients. The Investment Advisory Contract established with each client outlines the discretionary authority for trading. Where investment discretion has been granted, John E. Sestina and Company generally manages the client's account and makes investment decisions without consultation with the client as to what securities to buy or sell, when the securities are to be bought or sold for the account, the total amount of the securities to be bought/sold, or the price per share.

## **Item 17: Voting Client Securities (Proxy Voting)**

John E. Sestina and Company will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

## **Item 18: Financial Information**

### **A. Balance Sheet**

John E. Sestina and Company neither requires nor solicits prepayment of more than \$1200 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither John E. Sestina and Company nor its management has any financial condition that is likely to reasonably impair John E. Sestina and Company's ability to meet contractual commitments to clients.

### **C. Bankruptcy Petitions in Previous Ten Years**

John E. Sestina and Company has not been the subject of a bankruptcy petition in the last ten years.