

**Item 1 Cover Page**

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

**Engleson & Associates, Inc.**

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This brochure provides information about the qualifications and business practices of Engleson & Associates, Inc. If you have any questions about the contents of this brochure, please contact us by telephone at (585) 424-6150 or by email at [info@engleson.com](mailto:info@engleson.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.

Additional information about Engleson & Associates, Inc. also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 126349.

**Item 2 Material Changes**

We have no material changes to report since filing our previous Annual Updating Amendment dated 3/31/2020.

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## **Item 4 Advisory Business**

Engleson & Associates, Inc. is a SEC-registered investment adviser with its principal place of business located in New York. Engleson & Associates, Inc. began conducting business in 1996. Registration does not imply any level of skill or training.

Listed below are the firm's principal shareholders (i.e., those individuals and/or entities controlling 25% or more of this company).

- Jonathan M. Valerie, President/CEO/CCO

Engleson & Associates, Inc. offers the following advisory services to our clients:

### **INVESTMENT SUPERVISORY SERVICES ("ISS") INDIVIDUAL PORTFOLIO MANAGEMENT**

Our firm provides continuous advice to a client regarding the investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop a client's personal investment policy and create and manage 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 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 or 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.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company; recommendations may include, but will not be limited to, advice regarding the following securities:

- Exchange-listed securities
- Securities traded over-the-counter
- Foreign issuers
- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities

- Variable life insurance
- Variable annuities
- Mutual fund shares
- United States government securities
- Interests in partnerships investing in real estate
- Interests in partnerships investing in oil and gas interests
- Structured notes

Some types of investments involve certain additional degrees of risk, which clients should be prepared to bear; please see Item 8-- Methods of Analysis, Investment Strategies and Risk of Loss for further information.

### **CONSULTING SERVICES**

Clients can also receive investment advice on a more focused basis. This may include advice on only an isolated area(s) of concern such as estate planning, retirement planning, or any other specific topic. We also provide specific consultation and administrative services regarding investment and financial concerns of the client.

Consulting recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. All recommendations are of a generic nature.

### **AMOUNT OF MANAGED ASSETS**

As of January 1, 2021, we were actively managing approximately \$75,037,067 of client assets on a discretionary basis and approximately \$4,266,711 of client assets on a non-discretionary basis.

## **Item 5 Fees and Compensation**

### **INVESTMENT SUPERVISORY SERVICES ("ISS")**

#### **PORTFOLIO MANAGEMENT SERVICES FEES**

Our annual fees for Portfolio Management Services are based upon a percentage of assets under management and generally range from 0.75% to 3%.

**Limited Negotiability of Advisory Fees:** Although Engleson & Associates, Inc. has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors. The specific annual fee schedule is identified in the contract between the adviser and each client.

We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee.

Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

#### **CONSULTING SERVICES FEES**

Engleson & Associates, Inc.'s Consulting Services fee is determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are agreed upon prior to entering into a contract with any client.

Our Consulting Services fees are calculated and charged on an hourly basis, ranging from \$100 to \$500 per hour. An estimate for the total hours is determined at the start of the advisory relationship.

Our Consulting Services fees are calculated and charged on a fixed fee basis, typically ranging from \$1,000 to \$15,000, subject to the specific arrangement reached with the client.

Our Consulting Services fees are charged as a percentage of assets under advisement by our firm, typically ranging from .25% to 3% of assets under review, depending on the nature and complexity of each client's circumstances, and upon mutual agreement with the client.

The client is billed quarterly in advance based on our estimated Consulting Services fees. The client is billed quarterly in arrears based on actual hours accrued.

Management personnel and other related persons of our firm are licensed as registered representatives of a broker-dealer and/or licensed as insurance agents or brokers. In their separate capacity(ies), these individuals are able to implement investment recommendations for advisory

clients for separate and typical compensation (i.e., commissions, 12b-1 fees or other sales-related forms of compensation). This presents a conflict of interest to the extent that these individuals recommend that a client invest in a security which results in a commission being paid to the individuals. Clients are not under any obligation to engage these individuals when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

## **GENERAL INFORMATION**

**Termination of the Advisory Relationship:** A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. As disclosed above, certain fees are paid in advance of services provided. Upon termination of any account, any prepaid, unearned fees will be promptly refunded. In calculating a client's reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period.

**Mutual Fund Fees:** All fees paid to Engleson & Associates, Inc. for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

**Wrap Fee Programs and Separately Managed Account Fees:** Clients participating in separately managed account programs may be charged various program fees in addition to the advisory fee charged by our firm. Such fees may include the investment advisory fees of the independent advisers, which may be charged as part of a wrap fee arrangement. In a wrap fee arrangement, clients pay a single fee for advisory, brokerage and custodial services. Client's portfolio transactions may be executed without commission charge in a wrap fee arrangement. In evaluating such an arrangement, the client should also consider that, depending upon the level of the wrap fee charged by the broker-dealer, the amount of portfolio activity in the client's account, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately. We will review with clients any separate program fees that may be charged to clients.

**Additional Fees and Expenses:** In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

**Grandfathering of Minimum Account Requirements:** Pre-existing advisory clients are subject to Engleson & Associates, Inc.'s minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements will differ among clients.

**Advisory Fees in General:** Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

**Limited Prepayment of Fees:** Under no circumstances do we require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered.

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

Engleson & Associates, Inc. does not charge performance-based fees.

## **Item 7 Types of Clients**

Engleson & Associates, Inc. provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Charitable organizations
- Corporations or other businesses not listed above

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

### **METHODS OF ANALYSIS**

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

**Charting.** In this type of technical analysis, we review charts of market and security activity in an attempt to identify when the market is moving up or down and to predict how long the trend may last and when that trend might reverse.

**Fundamental Analysis.** We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

**Technical Analysis.** We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

**Cyclical Analysis.** In this type of technical analysis, we measure the movements of a particular stock against the overall market in an attempt to predict the price movement of the security.

**Asset Allocation.** Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

**Risks for all forms of analysis.** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

## INVESTMENT STRATEGIES

We use the following strategy(ies) in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

**Long-term purchases.** We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

- we believe the securities to be currently undervalued, and/or
- we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our

predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

**Short-term purchases.** When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

A short-term purchase strategy poses risks should the anticipated price swing not materialize; we are then left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss.

In addition, this strategy involves more frequent trading than does a longer-term strategy and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

**Trading.** We purchase securities with the idea of selling them very quickly (typically within 30 days or less). We do this in an attempt to take advantage of our predictions of brief price swings.

**Short sales.** Note: When appropriate for certain clients, we will sell short positions of varied securities including, but not exclusive to, ETFs and individual stock positions in the market. Strategies that include short positions and positioning are utilized when our proprietary research indicates that short selling may be appropriate. We borrow shares of a stock for your portfolio from someone who owns the stock on a promise to replace the shares on a future date at a certain price. Those borrowed shares are then sold. On the agreed-upon future date, we buy the same stock and return the shares to the original owner. We engage in short selling based on our determination that the stock will go down in price after we have borrowed the shares. If we are correct and the stock price has gone down since the shares were purchased from the original owner, the client account realizes the profit. A risk of short sales is that the price of the security could increase after the security is borrowed from the person who owns the stock, requiring it to be replaced at a higher cost on the agreed upon future date.

**Risk of Loss.** Securities investments are not guaranteed, and you may lose money on your investments. We ask that you work with us to help us understand your tolerance for risk.

**Market Risk.** Investments in all securities, including mutual funds and exchange-traded securities, are subject to fluctuations in securities prices. This risk cannot be diversified away. Moreover, if the entire market loses value, mutual funds and exchange-traded funds will typically do so as well. However, by using diversified investments such as mutual funds and exchange-traded funds, we attempt to create a diversified portfolio that will not be subject to dramatic fluctuations by any one stock held by the mutual fund or exchange-traded fund.

**Interest Rate Risk.** Interest rate risk affects the value of bonds more directly than stocks, and it is a risk to all bondholders. As interest rates rise, bond prices fall and vice versa. As interest rates increase, the opportunity cost of holding a bond decreases since investors are able to realize greater yields by switching to other investments that reflect the higher interest rate. For example,

a 5% bond is worth more if interest rates decrease since the bondholder receives a fixed rate of return relative to the market, which is offering a lower rate of return as a result of the decrease in rates.

**Structured Notes.** We use structured notes to provide mitigation of downside risk in various formats. Including but not exhaustive on that list are notes with upside potential, notes containing buffers, notes containing barriers as well as notes designed to produce yield. Structured notes are implemented in a way that is designed to reduce both systemic and direct allocation risk. Investors in structured notes undertake significant credit risk in the event the issuing investment bank forfeits its obligations. In addition, call risk, lack of liquidity and inaccurate pricing pose additional risk with investing in structured notes. There are certain fees and costs involved with investing in structured notes.

## **Item 9 Disciplinary Information**

We have no reportable disciplinary items.

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

### **Broker-Dealer**

Jonathan Valerie, President of Engleson & Associates, Inc. is separately licensed as a registered representative of Cetera Brokerage Services, Inc., an unaffiliated broker-dealer. Mr. Valerie, in his separate capacity, can effect securities transactions for which he will receive separate, yet customary compensation.

### **Investment Adviser**

Jonathan Valerie, President of our firm, is the Managing Member and an advisory representative of Cetera Investment Advisers LLC (“CIA”), a registered investment adviser not affiliated with Engleson & Associates, Inc. There are no referral arrangements between our firm and CIA. No Engleson & Associates, Inc. client is obligated to use the advisory services of CIA, as no CIA advisory client is obligated to use our advisory services.

We may occasionally trade the same or similar securities in client portfolios that are traded by CIA in its client portfolios. When this occurs, our clients may receive a better or worse price or execution than CIA depending on the order of trade execution, the type of security traded and the broker-dealer used. In order to minimize the potential for any systematic disadvantage to clients; when trades are placed in the same security on the same day for both our clients and CIA clients (whose portfolios are within Mr. Valerie’s control), Mr. Valerie will seek to rotate the order of execution.

As this affiliation with CIA presents potential conflicts of interest, we have established written policies and procedures for insider trading that prohibit Jonathan Valerie and any other employee of our firm, from buying, selling or recommending the securities of companies bought, sold or

recommended by CIA where the decision is substantially derived, in whole or in part, by reason of access to the recommendations of CIA to its clients.

### **Insurance Company**

Management personnel of our firm, in their individual capacities, are agents for various insurance companies. As such, these individuals are able to receive separate, yet customary commission compensation resulting from implementing product transactions on behalf of advisory clients. Clients, however, are not under any obligation to engage these individuals when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

In addition, our firm when consistent with suitability standards of both the clients risk tolerance and investment objectives and the financial product itself, will recommend various Real Estate Investment Trusts ("REITs"). Advisory clients of our firm are solicited to invest in these entities; however, because investment in these types of entities may 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.

### **Law Firm**

Jonathan Valerie, President, is an attorney licensed to practice law in the state of New York. However, he does not provide direct legal services to any advisory client of Engleson & Associates in that capacity. Mr. Valerie devotes 5-10 hours per month to this outside business activity.

### **Real Estate**

Jonathan Valerie, President, in his individual capacity, is also involved in the purchase and development of residential and commercial real estate for the purposes of rental and sale through unaffiliated entity The Lukken Group, LLC. As such, Mr. Valerie can earn separate, yet typical compensation for the rental and sale of real estate properties. Mr. Valerie does not devote a significant amount of his time towards these efforts.

### **ADDITIONAL COMPENSATION**

Clients should be aware that the receipt of additional compensation by Engleson & Associates, Inc. and its management persons or employees creates a conflict of interest that may impair the objectivity of our firm and these individuals when making advisory recommendations. Engleson & Associates, Inc. endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser; we take the following steps to address this conflict:

- we disclose to clients the existence of all material conflicts of interest, including the potential for our firm and our employees to earn compensation from advisory clients in addition to our firm's advisory fees;
- we disclose to clients that they are not obligated to purchase recommended investment products from our employees or affiliated companies;
- we collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- our firm's management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;
- we require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- we periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

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

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

We may aggregate our employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. In the instances where there is a partial fill of a particular batched order, we will allocate all purchases pro-rata, with each account paying the average price. Our employee accounts will be excluded in the pro-rata allocation.

As these situations represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

1. No principal or employee of our firm may put his or her own interest above the interest of an advisory client.
2. No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.
3. It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account. This prevents such employees from benefiting from transactions placed on behalf of advisory accounts.
4. Our firm requires prior approval for any IPO or private placement investments by related persons of the firm.
5. We maintain a list of all reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations ("access person"). These holdings are reviewed on a regular basis by our firm's Chief Compliance Officer or his/her designee.
6. We have established procedures for the maintenance of all required books and records. All clients are fully informed that related persons may receive separate commission compensation when effecting transactions during the implementation process.
7. Clients can decline to implement any advice rendered, except in situations where our firm is granted discretionary authority.
8. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
9. We require delivery and acknowledgement of the Code of Ethics by each supervised person of our firm.
10. We have established policies requiring the reporting of Code of Ethics violations to our senior management.
11. Any individual who violates any of the above restrictions may be subject to termination.

As disclosed in the preceding section of this Brochure (Item 10), related persons of our firm are separately registered, licensed as an insurance agent/broker of various insurance companies.

Please refer to Item 10 for a detailed explanation of these relationships and important conflict of interest disclosures.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to [info@engleson.com](mailto:info@engleson.com) or by calling us at (585) 424-6150.

## **Item 12 Brokerage Practices**

As our firm does not have the discretionary authority to determine the broker-dealer to be used or the commission rates to be paid, clients must direct Engleson & Associates, Inc. as to the broker-dealer to be used.

Engleson & Associates, Inc. requires, unless otherwise agreed, that clients direct us to place trades through either Cetera Financial Group, Inc., hereinafter "Cetera" or TD Ameritrade Institutional. Engleson & Associates, Inc. has evaluated both Cetera and TD Ameritrade and believes that it will provide our clients with a blend of execution services, commission costs and professionalism that will assist our firm to meet our fiduciary obligations to clients.

We reserve the right to decline acceptance of any client account for which the client directs the use of a broker other than Cetera or TD Ameritrade if we believe that this choice would hinder our fiduciary duty to the client and/or our ability to service the account. In directing the use of Cetera or TD Ameritrade, it should be understood that Engleson & Associates, Inc. will not have authority to negotiate commissions or to necessarily obtain volume discounts, and best execution may not be achieved. In addition, a disparity in commission charges may exist between the commissions charged to the client and those charged to other clients (who may direct the use of another broker).

Clients should note, while Engleson & Associates, Inc. has a reasonable belief that Cetera and/or TD Ameritrade are able to obtain best execution and competitive prices, our firm will not be independently seeking best execution price capability through other brokers. Not all advisers require clients to direct it to use a particular broker-dealer.

For clients in need of brokerage or custodial services, and depending on client circumstances and needs, we may recommend the use of one of several brokers (including, but not limited to Cetera or TD Ameritrade), provided that such recommendation is consistent with our firm's fiduciary duty to the client. Our clients must evaluate these brokers before opening an account. The factors considered by Engleson & Associates, Inc. when making these recommendations are the broker's ability to provide professional services, our experience with the broker, the broker's reputation, the broker's quality of execution services and costs of such services, among other factors. Clients are not under any obligation to effect trades through any recommended broker.

Engleson & Associates, Inc. will block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block.

Block trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. Engleson & Associates, Inc. will typically aggregate trades among clients whose accounts can be traded at a given broker, and generally will rotate or vary the order of brokers through which it places trades for clients on any particular day. Engleson & Associates, Inc.'s block trading policy and procedures are as follows:

- 1) Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement with Engleson & Associates, Inc., or our firm's order allocation policy.
- 2) The trading desk in concert with the portfolio manager must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.
- 3) The portfolio manager must reasonably believe that the order aggregation will benefit, and will enable Engleson & Associates, Inc. to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price.
- 4) Prior to entry of an aggregated order, a written order ticket must be completed which identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients.
- 5) If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.
- 6) Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order and must share in the commissions on a pro rata basis in proportion to the client's participation. Under the client's agreement with the custodian/broker, transaction costs may be based on the number of shares traded for each client.
- 7) If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be provided to and approved by the Chief Compliance Officer no later than the morning following the execution of the aggregate trade.

8) Engleson & Associates, Inc.'s client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.

9) Funds and securities for aggregated orders are clearly identified on Engleson & Associates, Inc.'s records and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.

10) No client or account will be favored over another.

Engleson & Associates, Inc. participates in the institutional customer program offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC ("TD Ameritrade"), an unaffiliated SEC-registered brokerdealer and FINRA member. TD Ameritrade offers services to independent investment advisers which include custody of securities, trade execution, clearance and settlement of transactions. Engleson & Associates, Inc. receives some benefits from TD Ameritrade through our participation in the program.

Engleson & Associates, Inc. participates in TD Ameritrade's Institutional customer program and we may recommend TD Ameritrade to our clients for custody and brokerage services. There is no direct link between our firm's participation in the program and the investment advice we give to our clients, although we receive economic benefits through our 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): duplicate client statements and confirmations; research related products and tools; consulting services ; access to a trading desk serving adviser participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain Institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Engleson & Associates, Inc. by third party vendors. TD Ameritrade may also pay for business consulting and professional services received by Engleson & Associates, Inc.'s related persons] [and may also pay or reimburse expenses (including travel, lodging, meals and entertainment expenses) for Engleson & Associates, Inc.'s personnel to attend conferences or meetings relating to the program or to TD Ameritrade's adviser custody and brokerage services generally.

Some of the products and services made available by TD Ameritrade through the program may benefit Engleson & Associates, Inc. but may not benefit our client accounts.

These products or services may assist us in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. The

benefits received by Engleson & Associates, Inc. or our personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. Clients should be aware, however, that the receipt of economic benefits by Engleson & Associates, Inc. or our related persons in and of itself creates a potential conflict of interest and may indirectly influence our choice of TD Ameritrade for custody and brokerage services.

Generally, in addition to a broker's ability to provide "best execution," we may also consider the value of "research" or additional brokerage products and services a broker-dealer has provided or may be willing to provide. This is known as paying for those services or products with "soft dollars." Because many of the services or products could be considered to provide a benefit to the firm, and because the "soft dollars" used to acquire them are client assets, Engleson & Associates, Inc. has a potential conflict of interest in allocating client brokerage business: we could receive valuable benefits by selecting a particular broker or dealer to execute client transactions and the transaction compensation charged by that broker or dealer might not be the lowest compensation the firm might otherwise be able to negotiate. In addition, Engleson & Associates, Inc. has an incentive to cause clients to engage in more securities transactions than would otherwise be optimal in order to generate brokerage compensation with which to acquire products and services.

Engleson & Associates, Inc.'s use of soft dollars is intended to comply with the requirements of Section 28(e) of the Securities Exchange Act of 1934. Section 28(e) provides a "safe harbor" for investment managers who use commissions or transaction fees paid by their advised accounts to obtain investment research services that provide lawful and appropriate assistance to the manager in performing investment decision-making responsibilities. As required by Section 28(e), Engleson & Associates, Inc. will make a good faith determination that the amount of commission or other fees paid is reasonable in relation to the value of the brokerage and research services provided. That is, before placing orders with a particular broker, we generally determine, considering all the factors described below, that the compensation to be paid to TD Ameritrade is reasonable in relation to the value of all the brokerage and research products and services provided by TD Ameritrade. In making this determination, we typically consider not only the particular transaction or transactions, and not only the value of brokerage and research services and products to a particular client, but also the value of those services and products in our performance of our overall responsibilities to all of our clients. In some cases, the commissions or other transaction fees charged by a particular broker-dealer for a particular transaction or set of transactions may be greater than the amounts another broker-dealer who did not provide research services or products might charge.

**Research and Brokerage Products and Services.** "Research" products and services we may receive from broker-dealers may include economic surveys, data, and analyses; financial publications; recommendations or other information about particular companies and industries (through research reports and otherwise); and other products or services (e.g., computer services and equipment, including hardware, software, and data bases) that provide lawful and appropriate assistance to Engleson & Associates, Inc. in the performance of its investment decision-making responsibilities. Such benefits include payments to Dorsey Wright Associates which provides us with analysis and research we use, for example, to identify strengths and weaknesses within various market sectors.

Consistent with Section 28(e), brokerage products and services (beyond traditional execution services) consist primarily of computer services and software that permit us to effect securities transactions and perform functions incidental to transaction execution. We generally use such products and services in the conduct of our investment decision making generally, not just for those accounts whose commissions may be considered to have been used to pay for the products or services.

**Other Uses and Products.** Engleson & Associates, Inc. may use some products or services not only as "research" and as brokerage (i.e., to assist in making investment decisions for clients or to perform functions incidental to transaction execution) but for our administrative and other purposes as well. . For example, we use charts provided by Dorsey Wright Associates on our website to illustrate our technical analysis for clients and prospective clients. In these instances, we make a reasonable allocation of the cost of the products and services so that only the portion of the cost that is attributable making investment decisions and executing transactions is paid with commission dollars and we bear the cost of the balance. Our interest in making such an allocation differs from clients' interest, in that we have an incentive to designate as much as possible of the cost as research and brokerage in order to minimize the portion that Engleson & Associates, Inc. must pay directly.

**Mutual Fund Transactions.** Although shares of no-load mutual funds can be purchased and redeemed without payment of transactions fees, we may, consistent with our duty of best execution, determine to cause client accounts to pay transaction fees that may be higher than those obtainable from other broker-dealers when purchasing shares of certain no-load mutual funds through TD Ameritrade in order to obtain "research". This research may not be used for the exclusive benefit of the clients who pay transaction fees in purchasing mutual fund shares.

**Amount and Manner of Payment.** A broker-dealer through which Engleson & Associates, Inc. wishes to use soft dollars may establish "credits" arising out of brokerage business done in the past, which may be used to pay, or reimburse Engleson & Associates, Inc. for, specified expenses. In other cases, a broker-dealer may provide or pay for the service or product and suggest a level of future business that would fully compensate it. The actual level of transactional business Engleson & Associates, Inc. does with a particular broker-dealer during any period may be less than such a suggested level but may exceed that level and may generate unused soft dollar "credits." We do not exclude a broker-dealer from receiving business simply because the broker-dealer has not been identified as providing soft dollar research products and services, although we may not be willing to pay the same commission to such broker-dealer as we would have paid had the broker-dealer provided such products and services.

## **Item 13 Review of Accounts**

### **INVESTMENT SUPERVISORY SERVICES ("ISS") INDIVIDUAL PORTFOLIO MANAGEMENT**

**REVIEWS:** While the underlying securities within Individual Portfolio Management Services accounts are continually monitored, these accounts are reviewed at least monthly. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

These accounts are reviewed by: Jonathan M. Valerie, President.

**REPORTS:** In addition, depending on where the assets are held, clients will receive monthly statements and confirmations of transactions, whether that comes from the broker/dealer, TD Ameritrade, or the respective Mutual Fund Co. that summarizes account performance, balances and holdings.

### **CONSULTING SERVICES**

**REVIEWS:** While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Consulting Services clients unless otherwise contracted for. Such reviews will be conducted by the client's account representative.

**REPORTS:** These client accounts will receive reports as contracted for at the inception of the advisory engagement.

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

### **CLIENT REFERRALS**

Our firm may pay referral fees to independent persons or firms ("Solicitors") for introducing clients to us. Whenever we pay a referral fee, we require the Solicitor to provide the prospective client with a copy of this document (our Firm Brochure) and a separate disclosure statement that includes the following information:

- the Solicitor's name and relationship with our firm;
- the fact that the Solicitor is being paid a referral fee;
- the amount of the fee; and
- whether the fee paid to us by the client will be increased above our normal fees in order to compensate the Solicitor.

As a matter of firm practice, the advisory fees paid to us by clients referred by solicitors are not increased as a result of any referral.

It is Engleson & Associates, Inc.'s policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

## **Item 15 Custody**

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from client accounts.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

We are deemed to have custody because some of our clients have authorized us to effect third party transfers from their accounts pursuant to standing letters of authorization. We do not have actual physical custody of client assets, which resides with the client's custodian. This level of custody does not require the firm to receive surprise audits annually provided we act in accordance with the guidance provided in the SEC's February 21, 2017 No-Action Letter to the Investment Adviser Association. We follow the below guidelines with respect to such accounts:

- The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
- The client authorizes Engleson & Associates, Inc., in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
- The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization and provides a transfer of funds notice to the client promptly after each transfer.
- The client has the ability to terminate or change the instruction to the client's qualified custodian.
- Engleson & Associates, Inc. has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.

- The Advisor maintains records showing that the third party is not a related party of Engleson & Associates, Inc. or located at the same address as Engleson & Associates, Inc.
- The client's qualified custodian sends the client, in writing, an initial notice confirming the instructions and an annual notice reconfirming the instruction.

## **Item 16 Investment Discretion**

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- determine the security to buy or sell; and/or
- determine the amount of the security to buy or sell

Clients give us discretionary authority when they sign a discretionary agreement with our firm and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

## **Item 17 Voting Client Securities**

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

We may provide clients with consulting assistance regarding proxy issues if they contact us with questions at our principal place of business.

## **Item 18 Financial Information**

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

As an advisory firm that maintains discretionary authority for client accounts, we are also required to disclose any financial condition that is reasonable likely to impair our ability to meet

our contractual obligations. Engleson & Associates, Inc. has no additional financial circumstances to report.

Engleson & Associates, Inc. has not been the subject of a bankruptcy petition at any time during the past ten years.

**Part 2B of Form ADV: Brochure Supplement**

**Jonathan M. Valerie**

Engleson & Associates, Inc.  
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May 11, 2021

This brochure supplement provides information about Jonathan Valerie that supplements the Engleson & Associates, Inc. Firm Brochure (Part 2A of Form ADV). You should have received a copy of our Firm Brochure. Please contact Jonathan Valerie if you did not receive Engleson & Associates, Inc.'s Firm Brochure or if you have any questions about the contents of this Brochure Supplement.

Additional information about Jonathan Valerie is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for Jonathan Valerie is 5716244.

## **Item 2. Educational Background and Business Experience**

Jonathan M. Valerie

Year of Birth: 1979

### **Education:**

- St. John Fisher College, Bachelor of Arts (B.A.) majoring in Political Science and Pre-Law, 2002
- Albany Law School, Juris Doctor (J.D.), 2007

### **Business Background:**

- Engleson & Associates, Inc., President/CEO/CCO, 01/2015 – Present
- Engleson & Associates, Inc., Portfolio Manager, 09/2010 – 01/2015
- Summit Brokerage Services, Inc. (now Cetera Financial Group®, Inc.), 09/2009 – Present
- Summit Financial Group, Inc. (now Cetera Investment Advisers LLC), 07/2012 – Present
- Salvatore's, Attorney Consultant, 12/2007 – Present

## **Item 3. Disciplinary Information**

Jonathan Valerie has no history of any disciplinary events.

## **Item 4. Other Business Activities**

### ***A. Investment-Related Activities***

#### Registered Representative of a Broker-Dealer

Jonathan Valerie, President of Engleson & Associates, Inc. is separately licensed as a registered representative of Cetera Financial Group®, Inc., an unaffiliated broker-dealer. Mr. Valerie, in his separate capacity, can effect securities transactions for which he will receive separate, yet customary compensation.

#### Investment Adviser Representative

Jonathan Valerie, President of our firm, is the Managing Member and an advisory representative of Cetera Investment Advisers LLC ("CIA"), a registered investment adviser not affiliated with Engleson & Associates, Inc. There are no referral arrangements between our firm and CIA. No Engleson & Associates, Inc. client is obligated to use the advisory services of CIA, and no CIA advisory client is obligated to use our advisory services.

We may occasionally trade the same or similar securities in client portfolios that are traded by CIA in its client portfolios. When this occurs, our clients may receive a better or worse price or execution than CIA depending on the order of trade execution, the type of security traded and the broker-dealer used. In order to minimize the potential for any systematic disadvantage to clients; when trades are placed in the same security on the same day for both our clients and CIA clients (whose portfolios are within Mr. Valerie's control), Mr. Valerie will seek to rotate the order of execution.

As this affiliation with CIA may present potential conflicts of interest, we have established written policies and procedures for insider trading that prohibit Jonathan Valerie and any other employee of our firm, from buying, selling or recommending the securities of companies bought, sold or recommended by CIA where the decision is substantially derived, in whole or in part, by reason of access to the recommendations of CIA to its clients.

### Insurance Agent

Management personnel of our firm, in their individual capacities, are agents for various insurance companies. As such, these individuals are able to receive separate, yet customary commission compensation resulting from implementing product transactions on behalf of advisory clients. Clients, however, are not under any obligation to engage these individuals when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

In addition, our firm when consistent with suitability standards of both the clients risk tolerance and investment objectives and the financial product itself, will recommend various Real Estate Investment Trusts ("REITs"). Advisory clients of our firm are solicited to invest in these entities; however, because investment in these types of entities may 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.

## **B. Non Investment-Related Activities**

### Attorney

Jonathan Valerie, President, is an attorney licensed to practice law in the state of New York. However, he does not provide direct legal services to any advisory client of Engleson & Associates in that capacity. Mr. Valerie devotes 5-10 hours per month to this outside business activity.

### Real Estate

Jonathan Valerie, President, in his individual capacity, is also involved in the purchase and development of residential and commercial real estate for the purposes of rental and sale through unaffiliated entity The Lukken Group, LLC. As such, Mr. Valerie can earn separate, yet typical compensation for the rental and sale of real estate properties. Mr. Valerie does not devote a significant amount of his time towards these efforts.

## **Item 5. Additional Compensation**

Jonathan Valerie is licensed as a registered representative of a broker-dealer and a licensed insurance agent. In his separate capacities, Mr. Valerie is able to implement investment recommendations for advisory clients for separate and typical compensation (i.e., commissions, 12b-1 fees or other sales-related forms of compensation). This presents a conflict of interest to the extent that Mr. Valerie recommends that a client invest in a security which results in a commission being paid to him. Clients are not under any obligation to engage Mr. Valerie when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

## **Item 6. Supervision**

As President/CEO/CCO of Engleson & Associates, Inc., Jonathan Valerie is responsible for the supervision and monitoring of investment advice offered to advisory clients of Engleson & Associates, Inc. He can be reached at (585) 424-6150. Mr. Valerie will review all employee personal securities transactions on a quarterly basis, oversee all material investment policy changes, and conduct periodic testing to ensure that client objectives and mandates are being met.