

# THE SCOTT S. JAMES COMPANY

ADV Part 2A  
Firm Brochure

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## Item 1 – Cover Page

This Brochure provides information about the qualifications and business practices of The Scott S. James Company (“SJC”). If you have any questions about the contents of this Brochure, please contact SJC using the information listed above. 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.

The Scott S. James Company is a registered investment advisor with the SEC. Registration of an investment advisor does not imply any certain level of skill or training.

Additional information about The Scott S. James Company is also available on the SEC’s website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).

## **Item 2 – Material Changes**

The last annual update of our brochure was March 2022. Since that update, the following material change has occurred:

- Updates pursuant to the required annual updating amendment

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## Item 4 – Advisory Business

The Scott S. James Company (“SJC” or “Firm”) was formed in 1996 and is based in Falls Church, VA. Scott S. James is the principal owner of SJC. The Firm offers financial planning, investment advisory services, and trustee services. The financial planning focuses on the client's financial position relative to funding their children's education and their retirement goals. Investment Advisory Representatives of The Scott S. James Company are Certified Financial Planners.

### PORTFOLIO MANAGEMENT

SJC offers asset management services to advisory Clients. SJC will offer Clients ongoing asset management services through determining individual investment goals, time horizons, objectives, and risk tolerance. Investment strategies, investment selection, asset allocation, portfolio monitoring and the overall investment program will be based on the above factors.

#### Discretionary

When the Client elects to use SJC on a discretionary basis, the Client will sign a limited trading authorization or equivalent allowing SJC to determine the securities to be bought or sold and the amount of the securities to be bought or sold. SJC will have the authority to execute transactions in the account without seeking Client approval on each transaction.

#### Non-Discretionary

When the Client elects to use SJC on a non-discretionary basis, SJC will determine the securities to be bought or sold and the amount of the securities to be bought or sold. However, SJC will obtain prior Client approval on each and every transaction before executing any transaction.

### FINANCIAL PLANNING AND CONSULTING

Financial planning services include an evaluation of a Client's current and future financial state will be provided by using currently known variables to predict future cash flows, asset values and withdrawal plans. SJC will use current net worth, tax liabilities, asset allocation, and future retirement and estate plans in developing financial plans. Topics generally reviewed in a financial plan may include but are not limited to:

- **Financial goals:** Based on an individual's or a family's clearly defined financial goals, including funding a college education for the children, buying a larger home, starting a business, retiring on time, or leaving a legacy. Financial goals should be quantified and set to milestones for tracking.
- **Personal net worth statement:** A snapshot of assets and liabilities serves as a benchmark for measuring progress towards financial goals.
- **Cash flow analysis:** An income and spending plan determines how much can be set aside for debt repayment, savings and investing each month.
- **Retirement strategy:** A strategy for achieving retirement independent of other financial priorities. Including a strategy for accumulating the required retirement capital and its planned lifetime distribution.
- **Comprehensive risk management plan:** Identify all risk exposures and provide the necessary coverage to protect the family and its assets against financial loss. The risk management plan includes a full review of life and disability insurance, personal liability coverage, property and casualty coverage, and catastrophic coverage.
- **Long-term investment plan:** Include a customized asset allocation strategy based on specific investment objectives and a risk profile. This investment plan sets guidelines for selecting, buying, and selling investments and establishing benchmarks for performance review.
- **Tax reduction strategy:** Identify ways to minimize taxes on personal income to the extent permissible by the tax code. The strategy should include identification of tax favored investment vehicles that can

- reduce taxation of investment income.
- **Estate preservation:** Help update accounts, review beneficiaries for retirement accounts and life insurance, provide a second look at your current estate planning documents, and prompt you to update your plan when the legal environment changes or you have major life events such as a marriage, death, or births.

If a conflict of interest exists between the interests of SJC and the interests of the Client, the Client is under no obligation to act upon SJC's recommendation. If the Client elects to act on any of the recommendations, the Client is under no obligation to affect the transaction through SJC. Financial plans will be completed and delivered within ninety (90) days contingent upon timely delivery of all required documentation.

SJC tailors all services to meet the individual needs of our clients. The goals and objectives for each Client are documented in our Client files. Investment strategies are created that reflect the stated goals and objectives. Clients may impose restrictions on investing in certain securities or types of securities. These restrictions may, however, prohibit engagement with SJC.

## TRUSTEE SERVICES

The Scott S. James Company also provides trustee services upon client request. SJC will act as the trustee for trust accounts for a fee.

SSJC does not participate in a Wrap Program.

As of December 31, 2022, The Scott S. James Company has \$85,706,843 of total assets under management. \$75,128,294 was managed on a discretionary basis and \$10,578,549 was managed on a non-discretionary basis.

## Item 5 – Fees and Compensation

### PORTFOLIO MANAGEMENT FINANCIAL PLANNING

SJC offers asset management services to advisory Clients. SJC charges an annual investment advisory fee based on the total assets under management as follows:

Assets Under Management	Annual Fee
\$0 - \$500,000	1.00%
\$500,001 - \$1,000,000	0.75%
\$1,000,001 - above	0.50%

This is a blended fee schedule, meaning different asset levels are assessed different fees, as shown above. The annual fee is negotiable based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with Clients, etc.). Fees are billed quarterly in advance based on the average account balance for each month in the quarter, based on averaging the month-end balance for each month in the quarter.

The management fee includes financial planning and investment advisory services, but it does not include certain other costs and charges associated with securities transactions such as trade charges, dealer mark-ups

or mark-downs, odd-lot differentials, transfer taxes, exchange fees, and charges imposed by law. These fees include but are not limited to ticket charges of \$26 for all NASDAQ orders, \$26 for listed security market orders, and \$26 per share for listed security limit orders executed on the New York Stock Exchange and the American Stock Exchange. Mutual funds will have a \$26 ticket charge per trade. Corporate bonds, municipal bonds, and certificates of deposit will have a \$60 ticket charge per trade. Assets in investment pools managed by the adviser or a company affiliated with the adviser will not be included in management fee calculations for qualified investors. Unaffiliated mutual funds recommended by the investment adviser will have internal operating expenses the client is paying for. These fees vary by mutual fund and the mutual fund's prospectus should be examined for more information on these fees.

The client will have the option to have the fees deducted from the account automatically or pay the fees separately.

### **TRUSTEE SERVICES**

The Scott S. James Company charges a 1% annual fee to act as trustee on an account, which is billed quarterly at a rate of .25%. This fee is based on the average month-end balance for the prior quarter. This fee is in addition to the regular management fee for the account. This fee is subject to negotiation. Billing: These fees will be billed during the quarter in advance of the quarter's completion. The client will have the option to have the fees deducted from the account automatically or pay the fees separately. Refunds: In the event that a client terminates the trustee services contract before the end of the billing period, the trustee services fee already billed for that billing period will be refunded on a pro rata basis using 90 days as the billing period.

### **FOR ALL SERVICES:**

Clients may terminate their engagement with SJC within five (5) business days of signing an Agreement with no obligation and without penalty. After the initial (5) business days, the Agreement may be terminated by SJC with thirty (30) days written notice to Client and by the Client at any time with written notice to SJC. For accounts opened or closed mid-billing period, fees will be prorated based on the days services are provided during the given period. All unearned fees will be refunded to the Client. Any increase in fees will be acknowledged in writing by both parties before any increase in said fees occurs.

SJC does not receive any external compensation from the sale of securities.

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

Fees are not based on a share of the capital gains or capital appreciation of managed securities. SJC does not use a performance-based fee structure because of the conflict of interest. Performance based compensation may create an incentive for SJC to recommend an investment that may carry a higher degree of risk to the Client.

### **Item 7 – Types of Clients & Account Minimums**

SJC's Clients are generally individuals, high net-worth individuals, small businesses, charities, trusts, and estates. Client relationships vary in scope and length of service.

There is no minimum account size and Clients are not required to have a certain amount of investment experience or sophistication.

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

### Methods of Analysis and Investment Strategies

Investing in securities involves risk of loss that Clients should be prepared to bear. Past performance is not a guarantee of future returns. Security analysis methods may include:

Fundamental analysis concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

Technical analysis attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not take into account new patterns that emerge over time.

Charting analysis strategy involves using and comparing various charts to predict long and short-term performance or market trends. The risk involved in using this method is that only past performance data is considered without using other methods to crosscheck data. Using charting analysis without other methods of analysis would be making the assumption that past performance will be indicative of future performance. This may not be the case.

Cyclical analysis assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are twofold: 1) the markets do not always repeat cyclical patterns; and 2) if too many investors begin to implement this strategy, then it changes the very cycles these investors are trying to exploit.

Quantitative analysis deals with measurable factors as distinguished from qualitative considerations such as the character of management or the state of employee morale, such as the value of assets, the cost of capital, historical projections of sales, and so on.

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.

In developing a financial plan for a Client, SJC's analysis may include cash flow analysis, investment planning, risk management, tax planning and estate planning. Based on the information gathered, a detailed strategy is tailored to the Client's specific situation.

The main sources of information include financial newspapers and magazines, annual reports, prospectuses, and filings with the SEC.

### Investment Strategy

The investment strategy for a specific Client is based upon the objectives stated by the Client during consultations. The Client may change these objectives at any time by providing written notice to SJC. Each Client executes a Retirement Cash Flow Questionnaire that documents their objectives and their desired investment strategy.

### Risks of Investments and Strategies Utilized

**Investing in securities involves risk of loss that Clients should be prepared to bear. SJC's investment approach constantly keeps the risk of loss in mind. Investors may face the following investment risks:**

**General Investment and Trading Risks.** Clients may invest in securities and other financial instruments using strategies and investment techniques with significant risk characteristics. The investment program utilizes such investment techniques as option transactions, margin transactions, short sales, leverage, and derivatives trading, the use of which can, in certain circumstances, maximize the adverse impact to which a Client may be subject.

**Interest-rate Risk.** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

**Inflation Risk.** When any type of inflation is present, a dollar today will buy more than a dollar next year, because purchasing power is eroding at the rate of inflation.

**Currency Risk.** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.

**Reinvestment Risk.** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This primarily relates to fixed income securities.

**Liquidity Risk.** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.

**Management Risk.** The advisor's investment approach may fail to produce the intended results. If the advisor's assumptions regarding the performance of a specific asset class or fund are not realized in the expected time frame, the overall performance of the Client's portfolio may suffer.

**Options Trading.** The risks involved with trading options are that they are very time sensitive investments. An options contract is generally a few months. The buyer of an option could lose his or her entire investment even with a correct prediction about the direction and magnitude of a particular price change if the price change does not occur in the relevant time period (i.e., before the option expires). Additionally, options are less tangible than some other investments. An option is a "book-entry" only investment without a paper certificate of ownership.

**Trading on Margin.** In a cash account, the risk is limited to the amount of money that has been invested. In a margin account, risk includes the amount of money invested plus the amount that has been loaned. As market conditions fluctuate, the value of marginable securities will also fluctuate, causing a change in the overall account balance and debt ratio. As a result, if the value of the securities held in a margin account depreciates, the Client will be required to deposit additional cash or make full payment of the margin loan to bring the account back up to maintenance levels. Clients who cannot comply with such a margin call may be sold out or bought in by the brokerage firm.

**Exchange-Traded Funds.** ETFs are a type of index fund bought and sold on a securities exchange. The risks of owning an ETF generally reflect the risks of owning the underlying securities they are designed to track, although lack of liquidity in an ETF could result in it being more volatile and ETFs have management fees that increase their costs. ETFs are also subject to other risks, including: (i) the risk that their prices may not correlate perfectly with changes in the underlying reference units; and (ii) the risk of possible trading halts due to market conditions or other reasons that, in the view of the exchange upon which an ETF trades, would make trading in the ETF inadvisable.



**Mutual Fund Risks.** An investment in mutual funds could lose money over short or even long periods. A mutual fund's share price and total return are expected to fluctuate within a wide range, like the fluctuations of the overall stock market.

**Common Stocks and Equity-Related Securities.** Certain ETFs or mutual funds hold common stock. Prices of common stock react to the economic condition of the company that issued the security, industry and market conditions, and other factors which may fluctuate widely. Investments related to the value of stocks may rise and fall based on an issuer's actual and anticipated earnings, changes in management, the potential for takeovers and acquisitions, and other economic factors. Similarly, the value of other equity-related securities, including preferred stock, warrants, and options may also vary widely.

**Small-Cap and Mid-Cap Risks.** Certain ETFs and mutual funds hold securities of small- and mid-cap issuers. Securities of small-cap issuers may present greater risks than those of large-cap issuers. For example, some small-cap and mid-cap issuers often have limited product lines, markets, or financial resources. They may be subject to high volatility in revenues, expenses, and earnings. Their securities may be thinly traded, may be followed by fewer investment research analysts, and may be subject to wider price swings and thus may create a greater chance of loss than when investing in securities of larger-cap issuers. The market prices of securities of small- and mid-cap issuers generally are more sensitive to changes in earnings expectations, to corporate developments, and to market rumors than are the market prices of large-cap issuers.

**Futures, Commodities, and Derivative Investments.** Certain ETFs and mutual funds hold commodities, commodities contracts, and/or derivative instruments, including futures, options, and swap agreements. The prices of commodities contracts and derivative instruments, including futures and options, are highly volatile. Payments made pursuant to swap agreements may also be highly volatile. Price movements of commodities, futures and options contracts, and payments pursuant to swap agreements are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The value of futures, options, and swap agreements also depends upon the price of the commodities underlying them. In addition, Client assets are subject to the risk of the failure of any of the exchanges on which its positions trade or of its clearinghouses or counterparties.

**Highly Volatile Markets.** The prices of financial instruments can be highly volatile. Price movements of forward and other derivative contracts are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. Clients are also subject to the risk of failure of any of the exchanges on which their positions trade or of its clearinghouses.

**Non-U.S. Securities.** Certain ETFs and mutual funds hold securities of non-U.S. issuers. Investments in securities of non-U.S. issuers pose a range of potential risks which could include expropriation, confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains or other income, political or social instability, illiquidity, price volatility, and market manipulation. In addition, less information may be available regarding securities of non-U.S. issuers, and non-U.S. issuers may not be subject to accounting, auditing and financial reporting standards, and requirements comparable to or as uniform as those of U.S. issuers.

**Emerging Markets.** Certain ETFs and mutual funds hold securities of emerging markets issuers. In addition to the risks associated with investments outside of the United States, investments in emerging markets (i.e., the developing countries) may involve additional risks. Emerging markets generally are not as efficient as those in developed countries. In some cases, a market for the security may not exist locally, and transactions will need to be made on a neighboring exchange. Volume and liquidity levels in emerging markets are lower

than in developed countries. When seeking to sell emerging market securities, little or no market may exist for the securities. In addition, issuers based in emerging markets are not generally subject to uniform accounting and financial reporting standards, practices, and requirements comparable to those applicable to issuers based in developed countries, thereby potentially increasing the risk of fraud or other deceptive practices.

**Capitalization Risks.** Investing in Companies within the same market capitalization category carries the risk that the category may be out of favor due to current market conditions or investor sentiment.

**Market Risks.** Turbulence in the financial markets and reduced liquidity may negatively affect the Companies, which could have an adverse effect on each of them. If the securities of the Companies experience poor liquidity, investors may be unable to transact at advantageous times or prices, which may decrease the Company's returns. In addition, there is a risk that policy changes by central governments and governmental agencies, including the Federal Reserve or the European Central Bank, which could include increasing interest rates, could cause increased volatility in financial markets, which could have a negative impact on the Companies. Furthermore, local, regional, or global events such as war, acts of terrorism, the spread of infectious illness or other public health issues, recessions, or other events could have a significant impact on the Companies. For example, the rapid and global spread of a highly contagious novel coronavirus respiratory disease, designated COVID-19, has resulted in extreme volatility in the financial markets and severe losses; reduced liquidity of many Companies' securities; restrictions on international and, in some cases, local travel; significant disruptions to business operations (including business closures); strained healthcare systems; disruptions to supply chains, consumer demand and employee availability; and widespread uncertainty regarding the duration and long-term effects of this pandemic. Some sectors of the economy and individual issuers have experienced particularly large losses. In addition, the COVID-19 pandemic may result in a sustained economic downturn or a global recession, domestic and foreign political and social instability, damage to diplomatic and international trade relations and increased volatility and/or decreased liquidity in the securities markets. The Companies' values could decline over short periods due to short-term market movements and over longer periods during market downturns.

**The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment with SJC.**

## **Item 9 – Disciplinary Information**

SJC and its management have not been involved in any criminal or civil actions, administrative or self-regulatory enforcement proceedings, nor any legal or disciplinary events that are material to a Client's or prospective Client's evaluation of SJC or the integrity of its management.

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

Scott James is the principal owner of both The Scott S. James Company and Scott James Group, Inc., an affiliated broker/dealer. Scott James and Mary Scanlan, Investment Advisor Representatives of SJC, are both Registered Representatives of Scott James Group, Inc. From time to time, they will offer clients advice or products in their capacity as Registered Representatives.

These practices represent conflicts of interest because it gives Scott James and Mary Scanlan an incentive to recommend products and or services based on the commission or fee amount received. This conflict is mitigated by disclosures, procedures, and SJC's fiduciary obligation to place the interest of the Client first. Moreover, Clients are not required to purchase or engage Scott James or Mary Scanlan for any products or services offered as Clients have the option to purchase them through another person or entity of their choosing.

Scott James and Mary Scanlan are both licensed insurance agents. From time to time, they will offer clients advice or products from this activity. Clients should be aware that these services pay a commission and involve a conflict of interest, as commissionable products can conflict with the fiduciary duties of the Firm. SJC must always put the interests of their clients ahead of the interests of the Firm; including in the sale of commissionable products to advisory clients. Clients are in no way required to purchase any insurance products through any representative of SJC in their capacity as a licensed insurance agent.

Neither SJC nor its management persons are registered as futures commission merchant, commodity pool operator, or a commodity trading advisor.

SSJC does not utilize nor select other advisors.

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

### Code of Ethics

The affiliated persons (affiliated persons include employees and/or independent contractors) of SJC have committed to a Code of Ethics (“Code”). The purpose of our Code is to set forth standards of conduct expected of SJC affiliated persons and addresses conflicts that may arise. The Code defines acceptable behavior for affiliated persons of SJC. The Code reflects SJC and its supervised persons’ responsibility to act in the best interest of their Client.

One area which the Code addresses is when affiliated persons buy or sell securities for their personal accounts and how to mitigate any conflict of interest with our Clients. We do not allow any affiliated persons to use non-public material information for their personal profit or to use internal research for their personal benefit in conflict with the benefit to our Clients.

SJC’s policy prohibits any person from acting upon or otherwise misusing non-public or inside information. No advisory representative or other affiliated person, officer, or director of SJC may recommend any transaction in a security or its derivative to advisory Clients or engage in personal securities transactions for a security or its derivatives if the advisory representative possesses material, non-public information regarding the security.

SJC’s Code is based on the guiding principle that the interests of the Client are our top priority. SJC’s officers, directors, advisors, and other affiliated persons have a fiduciary duty to our Clients and must diligently perform that duty to maintain the complete trust and confidence of our Clients. When a conflict arises, it is our obligation to put the Client’s interests over the interests of either affiliated persons or the company.

The Code applies to “access” persons. “Access” persons are affiliated persons who have access to non-public information regarding any Clients’ purchase or sale of securities, or non-public information regarding the portfolio holdings of any reportable fund, who are involved in making securities recommendations to Clients, or who have access to such recommendations that are non-public.

SJC will provide a copy of the Code of Ethics to any Client or prospective Client upon request.

### Recommendations Involving Material Financial Interests

Neither SJC nor its related persons recommend to Clients, or buys or sells for Client accounts, securities in which SJC or a related person has a material financial interest.

#### Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest

SJC and its affiliated persons may buy or sell securities that are also held by Clients. In order to mitigate conflicts of interest such as trading ahead of Client transactions, affiliated persons are required to disclose all reportable securities transactions as well as provide SJC with copies of their brokerage statements.

The Chief Compliance Officer of SJC is Scott James. They review all trades of the affiliated persons each quarter. The personal trading reviews ensure that the personal trading of affiliated persons does not affect the markets and that Clients of SJC receive preferential treatment over associated persons' transactions.

#### Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest

SJC does not maintain a firm proprietary trading account and does not have a material financial interest in any securities being recommended and therefore no conflicts of interest exist. However, affiliated persons may buy or sell securities at the same time they buy or sell securities for Clients. In order to mitigate conflicts of interest such as front running, affiliated persons are required to disclose all reportable securities transactions as well as provide SJC with copies of their brokerage statements.

The Chief Compliance Officer of SJC is Scott James. He reviews all trades of the affiliated persons each quarter. The personal trading reviews ensure that the personal trading of affiliated persons does not affect the markets and that Clients of SJC receive preferential treatment over associated persons' transactions.

### **Item 12 – Brokerage Practices**

#### Factors Used to Select or Recommending Broker-Dealers

SJC requires the use of the use of a specific broker-dealer, Scott James Group, Inc., an introducing broker-dealer, who enters trades through Pershing, LLC. SJC will select appropriate brokers based on a number of factors including but not limited to their relatively low transaction fees, quality of customer service, and reporting ability. SJC relies on the broker-dealer to provide its execution services at the best prices available. Lower fees for comparable services may be available from other sources. Clients pay for any and all custodial fees in addition to the advisory fee charged by SJC.

#### Research and Other Soft Dollar Benefits

SJC does not receive soft dollar benefits.

#### Brokerage for Client Referrals

SJC does not receive Client referrals from any custodian or third party in exchange for using that broker-dealer or third party.

#### Directed Brokerage

SJC does not allow Client directed brokerage.

#### Best Execution

Investment advisors who manage or supervise Client portfolios have a fiduciary obligation of best execution. The determination of what may constitute best execution and price in the execution of a securities transaction by a broker involves a number of considerations and is subjective. Factors affecting brokerage selection include the overall direct net economic result to the portfolios, the efficiency with which the transaction is effected, the ability to affect the transaction where a large block is involved, the operational facilities of the broker-dealer, the value of an ongoing relationship with such broker and the financial strength and stability of the broker. The firm does not receive any portion of the trading fees.

#### Aggregating Trading for Multiple Client Accounts

When a Client authorizes discretionary management, SJC is authorized in its discretion to aggregate purchases and sales and other transactions made for the account with purchases and sales and transactions in the same securities for other Clients of SJC. All Clients participating in the aggregated order shall receive an average share price with all other transaction costs shared on a prorated basis. If aggregation is not allowed or infeasible and individual transactions occur (e.g., withdrawal or liquidation requests, odd-late trades, etc.) an account may potentially be assessed higher costs or less favorable prices than those where aggregation has occurred.

### **Item 13 – Review of Accounts**

#### Frequency and Nature of Periodic Review and Who Makes Those Reviews

Account reviews are performed at least annually by the Chief Compliance Officer of SJC. Account reviews are performed more frequently when market conditions dictate. Reviews of Client accounts include, but are not limited to, a review of Client documented risk tolerance, adherence to account objectives, investment time horizon, and suitability criteria, reviewing target allocations of each asset class to identify if there is an opportunity for rebalancing, and reviewing accounts for tax loss harvesting opportunities.

Financial plans are updated as requested by the Client and pursuant to a new or amended agreement, SJC suggests updating at least annually.

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

Other conditions that may trigger a review of Clients' accounts are changes in the tax laws, new investment information, and changes in a Client's own situation

#### Content and Frequency of Regular Reports

Clients receive written account statements no less than quarterly for managed accounts. Account statements are issued by the Client's custodian. Client receives confirmations of each transaction in account from Custodian and an additional statement during any month in which a transaction occurs. SJC may also send periodic or other event-inspired reports based on market or portfolio activity. Reports will generally be provided in electronic format.

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

SJC does not receive any economic benefits from external sources, and SJC does not compensate for Client referrals.

### **Item 15 – Custody**

All assets are held at qualified custodians, which means the custodians provide account statements directly to Clients at least quarterly. Clients are urged to compare the account statements received directly from their custodians to any documentation or reports prepared by SJC.

SJC is deemed to have limited custody because advisory fees are directly deducted from Client's accounts by the custodian on behalf of SJC. SJC will obtain written authorization from Client to allow for such deductions.

SJC also is deemed to have custody of client accounts when provided Trustee Services. These accounts are reviewed annually by an independent PCAOB registered Certified Public Accountant, as part of a surprise custody exam.

SJC is not affiliated with the custodian. The custodian does not supervise SJC, its employees or activities.

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

If applicable, Client will authorize SJC discretionary authority, via the Advisory Agreement, to determine, without obtaining specific Client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. If applicable, Client will authorize SJC discretionary authority to execute selected investment program transactions as stated within the Investment Advisory Agreement. If, however, consent for discretion is not given, SJC will obtain prior Client approval before executing each transaction.

No discretionary authority will be granted to The Scott S. James Company to withdraw funds except where The Scott S. James Company is acting as Trustee on the account. Therefore, the only discretionary authority The Scott S. James Company will accept in non-trustee accounts is Limited Trading Authority.

In Trustee accounts The Scott S. James Company will have full discretionary authority including the authority to disperse funds for the running of the trust such as for accounting fees and other services and for expenses the beneficiaries of the trust will have that meet the terms of the trust distribution limits. This authority gives The Scott S. James custody of these funds and due to this The Scott S. James Company must meet the custody requirements for the accounts where acting as trustee.

SJC allows Clients to place certain restrictions, as outlined in the Client's Investment Policy Statement or similar document. Such restrictions could include only allowing purchases of socially conscious investments. These restrictions must be provided to SJC in writing.

The Client approves the custodian to be used and the commission rates paid to the custodian. SJC does not receive any portion of the transaction fees or commissions paid by the Client to the custodian.

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

The Scott S. James Company will only vote on client securities in the cases where serving as Trustee to the account. In all other accounts The Scott S. James Company does not and will not accept authority to vote client securities. Clients will receive their proxies directly from the custodian. However, when assistance on voting proxies is requested, SJC will provide recommendations to the Client.

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

SJC does not require nor solicit prepayment of more than \$1,200 in fees per Client, six months or more in advance.

SJC has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to Clients and has not been the subject of a bankruptcy petition.