

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

**St. John & Associates, Inc.**

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03/07/2023

This brochure provides information about the qualifications and business practices of St. John & Associates, Inc. If you have any questions about the contents of this brochure, please contact us at 770-642-7631 or [advisor@stjohnfinancial.com](mailto:advisor@stjohnfinancial.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

Additional information about St. John & Associates, Inc. is also 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 #124778.

## **Item 2      Material Changes**

This Firm Brochure, dated 3/07/2023, provides you with a summary of St. John & Associates, Inc.'s advisory services and fees, professionals, and certain business practices and policies, as well as actual or potential conflicts of interest, among other things. This Item is used to provide our clients with a summary of new and/or updated information; we are informing our clients of the revision(s) based on the nature of the information as follows.

1. Annual Update: We are required to update certain information at least annually, within 90 days of our firm's fiscal year end (FYE) of December 2022. We will provide you with either a summary of the revised information with an offer to deliver the full revised Brochure within 120 days of our FYE, or we will provide you with our revised Brochure that will include a summary of those changes in this Item.
2. Material Changes: Should a material change in our operations occur, depending on its nature, we will promptly communicate this change to clients (and it will be summarized in this Item). "Material changes" requiring prompt notification will include changes of ownership or control; location; disciplinary proceedings; significant changes to our advisory services or advisory affiliates - any information that is critical to a client's full understanding of who we are, how to find us, and how we do business.

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## **Item 4      Advisory Business**

St. John & Associates, Inc. is a federally -registered investment adviser with its principal place of business located in Georgia. St. John & Associates, Inc. began conducting business in 1992.

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

- Richard St John, Owner

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

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

Our firm provides portfolio management services to clients using model asset allocation portfolios. Each model portfolio is designed to meet a particular investment goal. Which model a client enters is determined by that client's individual financial plan and/or risk profile. Our models are as follows range from Conservative to Aggressive.

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

St. John & Associates, Inc. is a Financial Advisory firm and a Registered Investment Advisor, domiciled in the state of Georgia. The firm provides personal financial planning, portfolio management, and a wide range of financial services. These consulting services may include consulting on cash management, debt financing, personal lines of insurance, property and casualty insurance, college funding, tax planning, and estate planning, as well as other specific services.

Subject to client's consent, Fidelity Investments serves as the primary broker/dealer and custodian for clients' accounts. For some legacy clients with smaller accounts and portfolio balances, and subject to their consent, TD Ameritrade through Orion serves as the broker/dealer and custodian for client's accounts. Going forward, all new clients, regardless of the amount of assets under management, will be served by Fidelity Investments as custodian, subject to the client's consent.

Clients engage Advisor for either Full Financial Services, which includes personal financial planning, various financial services and portfolio management; Portfolio Management Plus, which includes portfolio management and limited financial services; or Portfolio Management Only, and have the right to change from one type of engagement to another after their initial year of Financial Services (detailed later).

Financial Service clients tend to be clients who have a variety of financial service needs, may be close to retirement, and/or in need of developing and maintaining a personal financial plan. Since accounts

and portfolios are managed on a discretionary basis, all clients are required to delegate this authority to St. John & Associates and its sub-advisors.

Financial planning can include identification of and modeling of their financial goals, cash flow and budgeting, tax planning, risk exposure review, mortgage financing, educational financing, retirement planning, estate planning, charitable gifting, small business planning issues, insurance needs and more specialized financial services. As part of the personal financial planning process, a written personal financial plan and report of the client's current financial condition and probable statistical likelihood of meeting their goals is periodically provided to the financial service clients. This plan includes goals, assumptions, recommendations for implementation, ongoing communication of changes, and updating of the personal financial plan to reflect said changes.

All client accounts except some employer based 401(k), 403(b) and/or 457 type plans, annuities, variable life insurance policies, 529 accounts or minor children's accounts are managed on a household basis as one portfolio. The others are managed separately, based on the same Risk Profile, Portfolio Design and Target Asset Allocation as approved by the Clients.

Portfolios are developed for each client based on the client's personal financial plan requirements and/or risk assessment, and only after the completion of a written set of investment documents. These documents include a statement of investment objectives, time frame, policy constraints, and risk tolerance. The documents also include an investment strategy, a portfolio design, a target asset allocation, and if applicable, a client's personal financial plan. Portfolios may include other investment accounts held elsewhere, such as variable life insurance and annuities, 401(k) plan accounts, etc.

Portfolios are tailored to clients' needs by determining the rate of return needed from their portfolio to support clients' personal financial plan and/or based on their risk profile. Each client's portfolio is assigned to a model portfolio ranging from conservative to aggressive. Each portfolio based on client's signed documents may have a different planned range of returns and risk factor as deemed appropriate to the client and advisor based on their financial plan and/or risk profile. All such portfolio models tend to be widely diversified and established for long-term investing only.

Portfolios include an actively and or passively managed, broadly diversified equity strategy of domestic and international individual stocks, mutual funds and/or ETFs. In some portfolios, a 2nd part of the portfolio is known as alternative investments, an actively managed, broadly diversified strategy of other investments through Exchange Traded Funds (ETFs) in a broad array of investment markets. Such tactical allocations could include equities, fixed income, real estate, and commodities as well as cash and currencies. The portfolio strategy is focused to provide higher returns with lower volatility (risk) than only bonds or fixed income investments. Other portfolio designs may have a 2<sup>nd</sup> part of a variety of fixed income options mainly through mutual funds or ETFs.

Any funds held in separate accounts under the management of several sub-advisors will also have an specific amount of cash set aside in separate accounts to service client's cash needs during retirement or for other withdrawal needs as determined by the client's personal financial plan or otherwise determined by the client. These funds are held in money market funds and not otherwise invested.

As the client's investment advisor, we determine the advisability of using sub-advisors as a portfolio strategist. Models are selected individually for them for each client.

In addition, St. John & Associates, Inc. also directly manages portfolios of small amounts through Orion/TD Ameritrade. These portfolios are too small to meet the asset amount and diversification requirements due to investment minimums imposed by sub advisors or mutual funds.

To ensure that our initial determination of an appropriate portfolio remains suitable and that the account continues to be managed in a manner consistent with the client's financial circumstances, we will:

1. Schedule to meet with each client periodically, virtually, by phone, or in person as the client chooses and at such time the client advises us of any changes in the client's financial situation or investment objectives. If client fails to meet with us, we will request such information in the client annual year-end report. For Financial Service clients, we will also review these details whenever their plan is being updated.
2. Be reasonably available to consult with the client; and
3. Maintain client suitability information in each client's file.

#### **SELECTION AND MONITORING OF THIRD-PARTY MONEY MANAGERS**

We offer advisory management services to our clients through our Selection and Monitoring of Third-Party Money Managers programs (hereinafter, "Programs").

Our firm provides the client with an asset allocation model based on personal discussions in which goals and objectives based on the client's particular circumstances are established. This asset allocation model is drafted into the client's Personal Investment Policy Statement ("PIPS").

Once we determine the most suitable investment asset allocation for the client, we implement the policy by allocating the assets of the portfolio among designated sub-advisors, mutual funds and/or ETFs.

In some cases, we partner with Greenrock Research as an added resource for finding sub advisors and building allocations. Greenrock Research, Inc. is an economic and investment research company. They have worked with investment advisors on similar programs for the past 20 years. Through Greenrock Research, Advisor engages separate sub-account managers to manage specific parts of clients' portfolios under Greenrock's and our supervision. This portfolio management structure provides more portfolio diversification with expertise in specific market areas, and more depth of knowledge in those areas than would be available in-house.

We monitor the performance of the selected registered investment sub-adviser(s). If we determine

that a particular selected registered investment adviser(s) is not providing sufficient management performance to the client, or is not managing the client's portfolio in a manner consistent with the client's Personal Investment Policy statement, we will take action with Greenrock for the sub-advisor to be replaced. Notwithstanding this, sub-advisors may be added or replaced from time to time for other reasons. However, any move to a new registered investment sub-advisor will be communicated to and confirmed with the client.

In addition, we monitor the performance of all mutual fund and ETF investments and flag any investment for changes in management, investment style or not meeting long term expectations for review and possible replacement.

### **FINANCIAL PLANNING**

We provide financial planning services. Financial planning is a comprehensive evaluation determining the client's current and future financial needs by using currently known variables to predict future cash requirements, asset values and withdrawal plans. Through the financial planning process, all questions, information and analysis are considered as they impact and are impacted by the entire financial and life situation of the client. Clients engaging this service receive a written report of the client's detailed personal financial plan designed to assist the client in tracking and achieving their financial goals and objectives.

In general, the financial plan can address any or all of the following areas:

- **PERSONAL:** We review family records, budgeting, personal liability, estate information and financial goals.
- **TAX & CASH FLOW:** We analyze the client's income tax, as well as spending and planning for past, current and future years; then illustrate the impact of various investments on the client's current income tax and future tax liability.
- **INSURANCE:** We review existing policies to ensure adequate and proper coverage for life, health, disability, long-term care, home and automobile liability.
- **RETIREMENT:** We analyze current strategies and investment plans to help the client achieve his or her retirement goals.
- **DEATH & DISABILITY:** We review the client's cash needs, income needs of surviving dependents, estate planning and disability income.
- **ESTATE:** We assist the client in assessing and developing long-term strategies, including as appropriate, living trusts, wills, review estate tax, powers of attorney, asset protection plans, health care directives, Medicaid and elder law.

- **INVESTMENT MANAGEMENT:** We determine based on the client's financial plan how to best invest their funds in accordance with their goals and risk profile.

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

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

Typically, the financial plan is presented to the client within six months of the contract date, provided that all information needed to prepare the financial plan has been promptly provided. Revisions may be necessary. Advisor will review all of the content making up the plan and provide information for implementing any suggested changes. Upon completion and review of the plan, client signs a Plan Development Acknowledgement (PDA) and portfolio management begins.

#### **PUBLICATION OF PERIODICALS**

St. John & Associates, Inc. publishes a Quarterly Commentary on market conditions, market performance, and market outlook. It may also include financial topics of general interest to clients. No specific investment recommendations are provided in this newsletter and the information provided does not purport to meet the objectives or needs of any individual clients.

St John & Associates, Inc also publishes a periodic newsletter providing general information on various financial topics including, but not limited to, estate and retirement planning, market trends, etc. No specific investment recommendations are provided in this newsletter and the information provided does not purport to meet the objectives or needs of any individual. This newsletter and Quarterly Commentary are distributed free of charge to our individual clients.

#### **PENSION CONSULTING SERVICES**

We also provide several advisory services separately or in combination. While the primary clients for these services will be pension, profit sharing and 401(k) plans, we offer these services, where appropriate, to trusts, estates and charitable organizations. Pension Consulting Services are comprised of the following services:

*Investment Policy Statement Preparation (hereinafter referred to as "IPS"):*



We will meet with the employers to determine an appropriate investment strategy that reflects the plan sponsor's stated investment objectives for management of the overall plan. Our firm then prepares a written investment policy statement detailing those needs and goals, including an encompassing policy under which these goals are to be achieved. The investment policy statement also lists the criteria for selection of investment vehicles as well as the procedures and timing interval for monitoring of investment performance.

*Selection of Investment Vehicles:*

We assist plan sponsors in constructing appropriate asset allocation models. We will then review any mutual funds (both index and managed) or other investment vehicles in the plan to determine which investments are appropriate to implement the client's investment policy statement. The number of investments to be recommended will be determined by the client, based on the investment policy statement.

*Monitoring of Investment Performance:*

We monitor employee investments options regularly, based on the procedures and timing intervals delineated in the Investment Policy Statement. Although our firm is not involved in any way in the purchase or sale of these investments, we supervise the investment performance and will make recommendations of investment option changes to the plan sponsor.

**CONSULTING SERVICES**

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

**AMOUNT OF MANAGED ASSETS**

As of 12/31/2022, we were actively managing \$97,281,635.74 of clients' assets on a discretionary basis excluding cash accounts.

**Item 5 Fees and Compensation**

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

All fee schedules are agreed upon prior to entering into a contract with any client. With the exception of the initial retainer fee of \$2,500 and any ongoing retainer for completing the client initial financial plan as elsewhere explained, all fees are asset based and charged in arrears on a quarterly basis.

The specific manner in which fees are charged by St. John & Associates, Inc. is established in the client's written Engagement and Fee Agreement. Clients may elect to be billed directly for asset-based fees or authorize Advisor to debit fees from client's accounts. Fees for all accounts are either debited from their

taxable account, debited from all accounts held at Fidelity on a pro rata basis, paid directly by check or credit card, or in some combination of the above as authorized by the client and permitted by IRS regulations. Fees for assets held away including 401(k) plan accounts are debited from client's taxable account, by debit or credit card, or billed directly for payment as required by regulations.

Engagements initiated or terminated during a calendar quarter are charged on a prorated fee basis. Upon termination of any account, unearned fees, if any, will be promptly refunded, and any earned unpaid fees will be due and payable.

The firm has three primary fee schedules; one for financial services with portfolio management, one for portfolio management with limited financial services, and one for portfolio management only. Fees are not negotiable, but client may select any one of these three types of engagement. The Advisor does not offer new clients financial planning or financial services without portfolio management.

New clients engage Advisor as a Financial Services Client for the development of an initial Personal Financial Plan. Such initial engagement is on a \$2,500 initial retainer fee, with an additional quarterly retainer fee of from \$1,000 to \$2,500 per quarter, depending on the complexity of such planning, until their initial financial plan is completed and signed-off. This retainer fee for a financial service engagement is to cover the time and cost of preparing the initial personal financial plan. In general, most financial plans are expected to be completed within three months. The client is not charged asset-based fees during the retainer period, but switches to the below asset-based fees once their individualized plan has determined how they should be invested, they sign their Plan Delivery Acknowledgement (PDA), and portfolio management begins.

Generally, clients continue on Financial Planning and Services for a minimum of one year from the completion of the initial plan. During such time, Advisor will review and evaluate all elements of the Personal Financial Plan, make our recommendations for change, and update the Personal Financial Plan to reflect said changes once made. Clients may at any time after one year from the completion of their financial plan, choose to change from a Financial Service to either a Portfolio Management Only or to a Portfolio Management Plus, limited financial service as is appropriate for their situation. Portfolio Management Only clients have financial services available to them on an hourly basis.

Clients with assets held at Fidelity may incur direct charges such as short-term trading fees, or special service charges imposed by custodians and brokers such as foreign taxes, wire transfer, and electronic fund fees. Such internal and special charges are exclusive of and in addition to the Advisor's fee.

Clients invested through TD Ameritrade and others not yet invested in the new investment structure during 2022 invested mainly in no load or load waived institutional class mutual funds so trading or transactional fees were infrequent. Occasionally, advisor may select transaction fee funds through Fidelity where such mutual fund performance is clearly superior, and where there is no annual 12(b)1 fee charged by the mutual fund.

Client portfolios changed over to the new investment structure with sub-advisors will be charged a portfolio management fee by the sub-advisors in addition to those shown in the tables below. Such fee is detailed in each client's engagement and fee agreement, but is subject to future change by the

sub-advisor. Such management fees will be charged directly from the sub-advisors to client accounts, but such fees typically will be less than the fees charged to the client by their prior actively managed mutual funds.

St. John & Associates, Inc. works with clients on a retainer and/or asset-based fee only in a fiduciary capacity. Under any fee schedule, the Advisor neither receives nor accepts any commissions or third-party fees and is paid only by the client. A few clients have been grandfathered with lower fees or lower minimum requirements. A Financial Service Engagement may cost the client more or less than purchasing such services separately elsewhere.

**PORTFOLIO MANAGEMENT ONLY**  
**MODEL PORTFOLIO MANAGEMENT FEES**

The annualized fee for Portfolio Management Only Services will be charged on a tiered basis as a percentage of assets under management, (excepting those at Orion/TD Ameritrade referenced in their own section) according to the following schedule:

<b><u>Assets Under Management</u></b>	<b><u>Annual Fee</u></b>
Assets up to \$500,000	1.00%
From \$500,001 up to \$1,000,000	0.80%
From \$1,000,001 up to \$2,000,000	0.60%
From \$2,000,001 up to \$4,000,000	0.40%

Fees for assets in excess of \$4,000,000 are negotiable on an individual basis.

These fees are charged at 25% of the above amounts at the end of each quarter. A minimum of \$250,000 of assets under management is required for this service, however, this account size may be negotiable under certain circumstances. St. John & Associates, Inc. may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

**PORTFOLIO MANAGEMENT PLUS LIMITED FINANCIAL SERVICES**  
**MODEL PORTFOLIO MANAGEMENT FEES**

The annualized fee for Portfolio Management Plus Services will be charged on a tiered basis as a percentage of assets under management, according to the following schedule:

<b><u>Assets Under Management</u></b>	<b><u>Annual Fee</u></b>
Assets up to \$500,000	1.50%
From \$500,001 up to \$1,000,000	1.20%
From \$1,000,001 up to \$2,000,000	0.90%

From \$2,000,001 up to \$4,000,000	0.60%
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Fees for assets in excess of \$4,000,000 are negotiable on an individual basis.

These fees are charged at 25% of the above amounts at the end of each quarter. A minimum of \$250,000 of assets under management is required for this service, however, this account size may be negotiable under certain circumstances. St. John & Associates, Inc. may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

#### **FULL FINANCIAL PLANNING AND SERVICES MODEL PORTFOLIO MANAGEMENT FEES**

The annualized fee for Full Financial Planning with Portfolio Management Services will be charged on a tiered basis as a percentage of assets under management, according to the following schedule:

<b><u>Assets Under Management</u></b>	<b><u>Annual Fee</u></b>
Assets up to \$500,000	2.00%
From \$500,001 up to \$1,000,000	1.60%
From \$1,000,001 up to \$2,000,000	1.20%
From \$2,000,001 up to \$4,000,000	0.80%

Fees for assets in excess of \$4,000,000 are negotiable on an individual basis.

These fees are charged at 25% of the above amounts at the end of each quarter. A minimum of \$250,000 of assets under management is required for this service, however, this account size may be negotiable under certain circumstances. St. John & Associates, Inc. may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

#### **MODEL PORTFOLIO MANAGEMENT FEES FOR Orion/TD AMERITRADE CLIENTS**

Some clients are grandfathered into model portfolios at Orion/TD Ameritrade. These do not have a minimum asset size. This service tends to be more appropriate for younger clients and those with smaller account sizes.

Some of these assets are managed through a sub advisor, Litman Gregory, while others are managed directly by St. John & Associates, Inc. Fees for these accounts are billed directly by Orion. Such annual fees of 1.0% of assets under management are charged monthly by Orion to each client's accounts. This fee amount covers all costs except an annual account fee of \$25 to \$50 as an account maintenance cost. The 1% fee covers the fee charged by the custodian, an administrative fee charged by Orion of

from 0.45% down to 0.10% per year depending on the amount of assets under management, including the fee charged by the Advisor.

#### **FINANCIAL PLANNING AND SERVICE FEES**

Financial planning fees are included in the asset-based fees listed in that section above. In rare circumstances, St. John & Associates, Inc. may take on individual consulting services for a client without assets under management. In this case, the hourly fee for service is 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.

#### **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.

***Mutual Fund Fees:*** All fees paid to St. John & 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.

***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 sub-advisers.

***Additional Fees and Expenses:*** In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and charged by broker dealers, including, but not limited to, any fees paid to independent investment managers. 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 St. John & 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 may 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 for portfolio management in advance of services rendered. We do collect an initial retainer fee of \$2500 for the development of the initial Personal Financial Plan, which guides the investments. Once the Plan is approved by the client, they move to the above detailed asset-based fee structure, paid quarterly in

arrears.

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

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

## **Item 7 Types of Clients**

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

Advisor provides investment advice to individuals, families, their trusts, estates and privately-owned businesses. In addition, St. John & Associates, Inc. serves as an investment consultant to plan sponsors for the establishment, portfolio design, and education of their employees as to their specific company 401(k) plans.

As a result of minimum purchase requirements set by our current investment structure, Advisor has determined a minimum portfolio size for all new clients (including all accounts making up the portfolio) of \$250,000 custodied at Fidelity for fully diversified portfolios. On a case-by-case basis, we will consider smaller accounts. There is no minimum account size for clients for such smaller accounts.

While St. John & Associates does not engage any one type of client on an exclusive basis, our current client population tends to be professionals including physicians, small business owners, business executives of private or public corporations, trusts and foundations.

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

### **METHODS OF ANALYSIS**

While St. John & Associates, Inc. believes its strategies and investment selection is designed to potentially produce the planned range of return over each market cycle for a given level of risk, it cannot guarantee that an investment objective or planning goal will be achieved. Some investment decisions made by the firm and the client could potentially result in losses, which may include the original principle invested. The client must be willing and able to bear the various risks involved in the investment accounts, which may include market risk, currency risk, interest rate risk, liquidity risk and operational risk, among others.

Current client portfolios are based on an allocation of a predetermined portfolio design model. These models range from conservative to aggressive in risk character. Each model contains a wide range of asset classes and subclasses with differing weightings. More conservative models include a higher allocation in alternative investments, bonds and/or cash investments, while more aggressive portfolios have a larger allocation in equities.

On a discretionary basis, the firm manages clients' portfolios on an aggregate basis (multiple accounts) for the same individual or family into a single household portfolio, providing they have substantially the same investment risk profiles and/or personal financial plan requirements. Still, investments may vary from account to account in light of tax, cash, and other requirements.

Asset Allocation and design decisions are discussed with the client and made based on client's Personal Financial Plan requirements and/or Risk Profile that in the firm's best judgment meet the client's objectives while minimizing risk exposure. St. John & Associates, Inc. typically employs conservative fundamental analysis to develop long term investment strategies.

Prior to beginning an engagement and planning process, a written engagement agreement is prepared and executed by the client(s) and Advisor. Upon completion of the client's personal financial plan and client signing the Plan Delivery Acknowledgement (PDA), investment policy and strategy documents are prepared and signed and the client's portfolio management begins within the framework of these documents.

Generally, portfolio includes an actively and or passively managed, broadly diversified equity strategy of dividend paying domestic and international individual stocks, mutual funds and/or ETFs. A 2<sup>nd</sup> part of the portfolio is known as alternative investments, an actively managed, broadly diversified strategy of other investments through Exchange Traded Funds (ETFs) that have a broad array of investment markets. Such allocation of multi-class assets could include equities, fixed income, real estate, commodities and private securities as well as cash and currencies. The portfolio strategy is focused to provide higher returns with lower volatility (risk) than only bonds or fixed income investments. Other portfolio designs may have a 2<sup>nd</sup> part of a variety of fixed income options mainly through mutual funds or ETFs.

Stocks, mutual funds and ETFs are selected with differing strategies in each asset class, available on the custodian's trading platforms, to maximize overall portfolio performance, stability and diversification.

As actively managed portfolios, each portfolio is rebalanced as needed to its target asset allocation. Portfolios managed directly by Advisor are rebalanced at least annually. Portfolios held outside Fidelity may also be re-balanced periodically. Asset classes and/or securities in asset classes that become over-weighted are rebalanced back to the target allocation, or sold for cash as needed.

Periodically, but at least on an annual basis for those accounts managed directly by Advisor and where applicable, mutual funds and other securities are researched, ranked, and evaluated to determine if they will continue to be held or be replaced in Advisor's model portfolios based on their performance and other considerations.

Unless otherwise approved by the client, only liquid securities are purchased for client portfolios and they must have the ability to be sold to cash with settlement within one to three days; however, clients may transfer to Fidelity, private or non-traded securities to be managed or held as non-managed securities.

Portfolio risk character and portfolio returns are evaluated and measured against client's personal financial plan assumptions or risk profiles and whether they meet the goals of the financial plan.

***Third-Party Sub-Advisor Analysis.*** We examine the experience, expertise, investment philosophies, and past performance of independent third-party investment managers in an attempt to determine if these managers have demonstrated an ability to invest over a period of time and differing economic

conditions. We monitor the manager's underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment. Additionally, as part of our due-diligence process, we survey the manager's compliance and business enterprise risks.

A risk of investing with a third-party manager who has been successful in the past is that he/she may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a third-party managed portfolio, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as we do not control the manager's daily business and compliance operations, we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

### **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 the long term. With the exception of two sub-advisors who manage on a tactical basis, our sub-advisors employ this strategy when:

- They believe the securities to be currently undervalued, and/or
- They produce an increasing dividend distribution, and/or
- They have the expectation of usual returns

A risk in a long-term purchase strategy is that by holding the security for this length of time, they may not take advantage of short-term gains that could be profitable to a client. Moreover, if their predictions are incorrect, a security may decline sharply in value before they make the decision to sell.

***Risk of Loss.*** Securities investments are not guaranteed and clients may lose money on their investments. Clients should understand that investing in any securities, involves a risk of loss of both income and principle. We ask the client to work with us to help us understand their tolerance for risk.

## **Item 9      Disciplinary Information**

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

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



The Advisory firm does have arrangements in which it refers clients to 3<sup>rd</sup> party professionals for services, but receives no compensation directly or indirectly, so such action is not deemed to be a conflict of interest.

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

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal and state securities laws.

St. John & Associates, Inc. and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly employee securities transactions reports as well as initial and annual securities holdings reports that must be submitted to the firm's compliance persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

St. John & Associates, Inc.'s Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

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 [advisor@stjohnfinancial.com](mailto:advisor@stjohnfinancial.com), or by calling us at 770-642-7631.

St. John & Associates, Inc. and individuals associated with our firm are prohibited from engaging in transactions between clients and employees.

St. John & Associates, Inc. and individuals associated with our firm are prohibited from engaging in agency cross transactions.

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 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.

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.
7. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
8. We require delivery and acknowledgement of the Code of Ethics by each supervised person of our firm.
9. We have established policies requiring the reporting of Code of Ethics violations to our senior management.
10. Any individual who violates any of the above restrictions may be subject to termination.

## **Item 12 Brokerage Practices**

St. John & Associates, Inc. requires that clients provide us with written authority to determine and/or agree on the broker-dealer used for these transactions.

These clients must include any limitations on this discretionary authority in this written authority statement. Clients may change/amend these limitations as required. Such amendments must be

provided to us in writing.

Advisor has engagement agreements with Fidelity Investments and Orion/TD Ameritrade. These broker-dealers were selected by the advisor based on meeting advisor qualifications, by the services they provide to institutional advisors including the ability to custody our client accounts, and on their fee structure.

Client portfolios are made up of actively traded stocks, ETFs and/or mutual funds. With respect to Fidelity Investments, securities are bought and sold on no-load or load waived basis. In most cases mutual funds are purchased with no transaction fee with the exception of a few fund families for which a transaction fee is paid by the client, but for which there is no annual 12(b)1 fee. Most ETFs and stocks for purchase and sale are among those available on a no-fee basis. There are no account or maintenance fees charged by Fidelity for institutional level client accounts. Investment securities transferred in and sold may be subject to trading or transaction fees.

Orion and TD Ameritrade were selected as broker-dealer to service those accounts that were too small to provide a diversified portfolio at Fidelity. Under that program, there are no minimum-dollar security purchase requirements, minimum holding periods, or trading or transaction fees.

St. John & Associates, Inc. has an arrangement with National Financial Services LLC and Fidelity Brokerage Services LLC (collectively, and together with all affiliates, "Fidelity") through which Fidelity provides our firm with "institutional platform services." The institutional platform services include, among others, brokerage, custody, and other related services. Fidelity's institutional platform services that assist us in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

The advisory firm has no financial interest in the broker-dealers they use. The soft dollar benefits of an engagement with Fidelity are basically the same as those provided by any other major broker-dealers that work with independent financial advisory firms. This includes executing and tracking individual trades, providing to clients and advisor monthly account statements, quarterly transaction reports, and year-end account 1099 tax reports. Broker-dealer also provides for electronic or manual client deposits and withdrawals or transfers between accounts or third parties. Broker-dealer also provides a wide variety of back-office support to the advisory firm staff, involving day to day transaction support, information on changes in legal and company specific requirements, and on-going educational information through their telephone support, written information, website, webcasts, seminars, and visits.

St. John & Associates, Inc. is independently operated and owned and is not affiliated with any Brokerage Firm. We are not aware nor do we see any conflict of interest resulting from the engagements with

either broker-dealer.

Fidelity generally does not charge its advisor clients separately for custody services but is compensated by account holders through transaction-related fees or trades that are executed through Fidelity or that settle into Fidelity accounts (i.e., transactions fees are charged for certain no-load mutual funds and debt securities transactions). Fidelity provides access to domestic stocks and many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges.

As a result of receiving such services for no additional cost, we may have an incentive to continue to use or expand the use of Fidelity's services. We examined this potential conflict of interest when we chose to enter into the relationship with Fidelity and have determined that the relationship is in the best interests of St. John & Associates, Inc.'s clients and satisfies our client obligations, including our duty to seek best execution. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, execution capability, and responsiveness. The investment research products and services that may be obtained by us will generally be used to service all of our clients.

Investment research is not provided by Fidelity or TD Ameritrade, but purchased by the advisory firm from Morningstar or otherwise provided by Greenrock Research. Advisor sets up parameters for trading through Tamarac trading platform based on clients' signed documents. Each trade is made individually and there is no aggregated trading. In that there is no trading cost, there is no advantage to aggregate trading or disadvantage to individual account trading. While clients are not precluded from direct trading, advisor engagement provides for discretionary management of client's portfolio.

As a matter of firm policy and practice, Advisor does have authority and does vote proxies on behalf of Advisory clients. Advisor retains the responsibility for receiving and voting proxies for these securities maintained in client portfolios.

Clients may obtain a copy of St. John & Associates' complete proxy voting policies and procedures upon request. Clients may also obtain information from Advisor about how St. John & Associates voted any proxies on behalf of their account(s).

## **Item 13      Review of Accounts**

### **INVESTMENT SUPERVISORY SERVICES**

#### **("ISS")**

### **INDIVIDUAL PORTFOLIO MANAGEMENT**

We either manage directly or oversee the management of all client portfolios with in-house management, except for smaller accounts managed by Litman Gregory through Orion/TD Ameritrade as an advisor. In-house and supervised portfolio management personnel have access to client trades and performance information, except for accounts held by other 3<sup>rd</sup> parties. In addition, for accounts held at Fidelity our company portfolio management personnel handle client meetings involving portfolio

management and are responsible for the review, preparation, and reporting of client's quarterly and yearly portfolio reports.

All clients go through a process with the Advisory firm in determining the appropriate initial and on-going investment strategy and model portfolio target asset allocation. This process includes the client completing an initial personal financial plan, completing a risk profile questionnaire, executing a set of written investment documents including an investment policy and investment strategy, and a portfolio model asset allocation. Model portfolio asset allocations are selected for and approved by each new client based on the targeted annual rate of return range required to support their personal financial plan and/or the client's risk tolerance, age, timeline, objectives, and need for liquidity.

Model portfolios ranging from conservative to aggressive have differing risk characteristics, expected targeted ranges of return, differing equities and alternative securities and/or bonds. Where the client has had a personal financial plan developed, the allocations made within the model portfolios are built in the optimization of Money Guide Pro financial planning software used by St John & Associates, Inc.

Once completed and approved by the client, the client's portfolio structure cannot be changed without the client's written approval, which becomes part of the client's investment documents. Changes could occur and be approved by the client as a result of changes in their personal or financial condition, as a result of the personal financial plan annual update, or a change in their risk assessment.

Clients' portfolios are managed on a household basis except custodial, annuities, variable life insurance policies, 529s, accounts held at Orion/TD Ameritrade, and employer-based plan accounts held elsewhere.

On a daily basis, except for assets held at TD Ameritrade, all account changes are uploaded, reconciled, and posted by Morningstar for access by St. John & Associates, including sub- advisor accounts. Such information is also available to clients directly at Fidelity.com through their User ID and Password.

Clients' near-term cash needs, based on their personal financial plan, are provided in a separate cash account, within the investment portfolio and is for such purposes and not otherwise invested. New clients' cash added or transferred to their portfolios are invested in line with clients' model portfolio asset allocation.

Each client's portfolio is reviewed at least quarterly. The frequency of review and rebalance can be affected by additions and withdrawals from client portfolios, cash balance needs, and market volatility.

Greg St. John as Vice-President & Portfolio Manager, directly manage client portfolios except those at Orion managed by Litman Gregory, and sub- advisors related to Greenrock. William Grant Chandler handles this responsibility directly in Greg's absence. CiCi Riddle work with clients concerning their deposits or withdrawals of cash and other non-investment types of transactions.

**REVIEWS:** Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes such as the client's individual circumstances, the market, or political or economic environment.

These accounts are reviewed by: Gregory St. John, Vice President.

Some smaller accounts are held by Orion/TD Ameritrade. These client engagements follow a similar portfolio design as those for other clients, but accounts are managed individually and rebalanced through a custodian and broker/dealer as directed by advisor. These accounts are managed on the basis of the investment strategy and portfolio asset allocation of St John & Associates, Inc., while others are invested under the Litman Gregory models.

**REPORTS:** In addition to the monthly statements and quarterly trade confirmations that clients receive from Fidelity, we provide quarterly reports summarizing account performance, balances and holdings, except those accounts held at TD Ameritrade. Orion/TD Ameritrade sends quarterly statements and trade confirmations on those accounts.

### **PENSION CONSULTING SERVICES**

**CORPORATE REVIEWS:** St. John & Associates, Inc. will review the client's Investment Policy Statement whenever the corporate client advises us of a change in circumstances regarding the needs of the plan. St. John & Associates, Inc. will also review the investment options of the plan according to the agreed upon time intervals established in the investment policy statement. Such reviews will generally occur annually.

These accounts are reviewed by: Gregory St. John, Vice President

**REPORTS:** St. John & Associates, Inc. will provide reports to Pension Consulting Services clients based on the terms set forth in the client's Investment Policy Statement.

### **SELECTION and MONITORING of THIRD-PARTY MONEY MANAGERS**

**REVIEWS:** These clients should refer to the independent registered investment adviser's Firm Brochure (or other disclosure document used in lieu of the brochure) for information regarding the nature and frequency of reviews provided by that independent registered sub-adviser.

St. John & Associates, Inc. will provide reviews on a quarterly basis, or as contracted for at the inception of the advisory relationship.

These accounts are reviewed by: Gregory St. John, Vice President and Richard St. John, President.

**REPORTS:** Our sub-advisors do not provide separate reports to clients, as they are included in our quarterly reports as referenced above.

## **FINANCIAL PLANNING SERVICES**

**REVIEWS:** While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically separate reviews will be conducted for Financial Planning clients unless otherwise provided for by their engagement agreement.

**REPORTS:** Financial Planning clients will receive a completed financial plan. Updated plans will be reviewed as needed as provided for by client's engagement agreement.

## **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.

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

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

It is St. John & Associates, Inc.'s policy not to accept or allow our employees 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.

Prospective clients are referred to us from other clients, professionals with whom we network, and from various websites including the National Association of Personal Financial Advisors (NAPFA), Financial Planning Association (FPA), LinkedIn, and others, as well as the firm's own website, [www.stjohnfinancial.com](http://www.stjohnfinancial.com). While there is a membership fee paid to NAPFA and FPA, no commission is paid to any sources for referrals. In turn, advisor does not receive any form of compensation for referring clients to any outside professional services.

Investment Advisor may retain solicitors (agents) under agreements in compliance with the Investment Advisors Act of 1940. All clients procured from a solicitor are advised in writing through full disclosure of the compensation and terms of such arrangements and sign the required acknowledgement forms. In no event is the client charged an Advisory fee in excess of its fee schedule for any other client or more than it would have been charged had no solicitor's fee been paid. No solicitors are engaged at this time.

## **Item 15 Custody**

Our firm does not have actual or constructive custody of client accounts. Such accounts are held by Fidelity or TD Ameritrade. Clients whose accounts are held at Fidelity receive copies of all trade

confirmations electronically or by hardcopy quarterly, and monthly statements for accounts held for them. Clients at Orion/TD Ameritrade receive Trade Confirmations and statements on a quarterly basis either by mail or electronically directly from them. The monthly or quarterly statements report all activities having taken place in each account, in addition to the holdings and market value of each account.

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from client accounts, except where prohibited by regulatory statute, or bills fees directly to the client.

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.

In addition to the periodic statements that clients receive directly from their custodians, we also send reports directly to our clients on a Quarterly basis. We urge our clients to carefully compare the information provided on these statements to ensure that all account transactions, holdings and values are correct and current.

## **Item 16 Investment Discretion**

All client accounts and portfolios are managed on a discretionary basis without conditions, except for client's account held as special cash and securities accounts under their direction. These latter referenced accounts are not subject to advisor fees. Client enters into an Engagement Agreement which includes Investment Policy documents which stipulate that advisor will have power of attorney to manage client's accounts on a discretionary basis. In addition, the client's account applications with the broker-dealer also so stipulate this discretionary authority. There are no restrictions on clients' access to in-house portfolio management staff.

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
- Monitor price for purchase or sell

For those clients having accounts managed by Litman Gregory through Orion/TDAmeritrade, contact and communication needs to be directed to Orion/TDAmeritrade or Litman Gregory. Requested information will be provided through these sources. If for some reason this information is not forthcoming, client



should contact St. John & Associates, Inc. Orion or Litman Gregory provides year end reports and commentary to these clients.

## **Item 17      Voting Client Securities**

As a firm, we vote proxies for client accounts as a service offering. Clients have the option and right to vote proxies on behalf of their own accounts by notifying us in writing.

We will vote proxies in the best interest of our clients and in accordance with our established policies and procedures. The firm has adopted measures to ensure the proxy voting records and client requests are retained for the requisite period of time. If our firm has a conflict of interest in voting a particular action, we will notify the client of the conflict and retain an independent third-party to cast a vote.

Clients may obtain a copy of our complete proxy voting policies and procedures by contacting the office by telephone, email, or in writing. Clients may request, in writing, information on how proxies for his/her shares were voted. If any client requests a copy of our complete proxy policies and procedures or how we voted proxies for his/her account(s), we will promptly provide such information to the client.

We will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct us to transmit copies of class action notices to the client or a third party. Upon such direction, we will make commercially reasonable efforts to forward such notices in a timely manner.

With respect to ERISA accounts, we will vote proxies unless the plan documents specifically reserve the plan sponsor's right to vote proxies. To direct us to vote a proxy in a particular manner, clients should contact the office by telephone, email, or in writing.

## **Item 18      Financial Information**

Registered Investment Advisors are required to provide clients with certain information or disclosures about St John & Associates, Inc. Advisor does not have any financial impairment that will preclude the firm from meeting contractual or fiduciary commitments to clients. A balance sheet is not required to be provided because St John & Associates, Inc. does not serve as a custodian for client funds or for any securities and does require prepayment of investment fees.

Advisor has a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office access, communications, services, or key people.

The Business Continuity Plan covers natural disasters such as snow storms, hurricanes, tornadoes, fire, flooding, and pandemics. The Plan covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, communications line outage, internet outage, railway accident, and aircraft accident. Electronic files

are backed up daily and archived on and offsite. Software and data are password protected and are available from any computer through our secure VPN.

Alternate work locations are identified to support ongoing operations in the event the main office is unavailable. It is our intention to contact all clients within 5 days of a disaster that dictates our moving our office to an alternate location.