



## Form ADV Part 2A Brochure

### **Burney Company**

1800 Alexander Bell Drive, Suite 510,  
Reston, VA 20191  
(703) 241-5611  
(703) 531-0417 (fax)  
[www.burney.com](http://www.burney.com)

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**This brochure provides information about the qualifications and business practices of the Burney Company. If you have any questions about the contents of this brochure, please contact us at (703) 241-5611. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about the Burney Company is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for the Burney Company is 106945.**

**The Burney Company is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.**

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## **ITEM 2 – MATERIAL CHANGES**

The Burney Company's Brochure (ADV Part 2A) has been updated with the following material changes that have occurred since the last annual update of our brochure on 03/2022:

Currently, all Burney Size and Style Responsive (SSR) US Equity Strategy investment accounts are Separately Managed Accounts (SMA). As of October 12, 2022, this strategy is available in the form of an Exchange Traded Fund, or ETF, specifically the Burney US Factor Rotation ETF (BRNY), and listed publicly on the Nasdaq Stock Exchange.

The Burney Company serves as the sub-advisor to the ETF in which you may be solicited to invest. The fees charged by the ETF are separate from our advisory fees. You should refer to the offering documents for a complete description of the fees, investment objectives, risk and other relevant information associated with investing in this ETF. Persons affiliated with our firm may make an investment in BRNY.

A conflict of interest exists since we have an incentive to recommend our ETF over other investments.

To obtain a copy of The Burney Company Brochure (ADV Part 2A) or Privacy Policy, please visit our website at [www.burney.com](http://www.burney.com) or you may contact your portfolio manager to mail you a hard copy. Portfolio managers can also provide you a copy of their individual brochure supplements that contains information regarding the financial advisor and their employees.



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## **ITEM 4 – ADVISORY BUSINESS**

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

The Burney Company is a registered investment adviser based in Reston, Virginia. The company is organized as an S Corporation under the laws of the state of Delaware. The Company is an equity research, investment management firm that seeks to maximize long-term returns using proprietary fundamental/quantitative techniques and analysis.

The company was founded by Brig. General John C. Burney in 1974 who pioneered work in this area beginning in the early 1950s. The Burney Company has expanded to offices around the country.

The principal owners of the company are Lowell Pratt, Bill Stewart, Martin Walsh, Alex Shen, Richard Bauchspies, Gil Green, and Tom Hunt.

### **B. Advisory Services**

The Burney Company offers discretionary investment advisory services and portfolio management mostly for individual investors but will also service the portfolios of small businesses, pension and profit-sharing plans, trusts, estates, and charitable organizations. If you participate in our discretionary portfolio management services, we require you to allow our firm to determine the specific securities and the number of shares of securities to be purchased or sold for your account without your approval prior to each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm and the appropriate trading authorization forms.

The Burney Company does not exercise discretion with respect to asset allocation or offer asset allocation advice unless the client elects to engage Burney's Wealth Management division. (Note: Wealth Management clients will be provided with our Wealth Management ADV Part 2A).

#### **Sub-Advisory Services to Registered Investment Advisors**

We offer sub-advisory services to unaffiliated third-party managers (the "Primary Investment Adviser"). As part of these services, we will manage assets delegated to our firm by the Primary Investment Adviser. While we are responsible for the overall management of the assets delegated to our firm, we will not communicate investment recommendations of selections directly to the Primary Investment Adviser.



### **C. Availability of Tailored Services for Clients**

While equities provide the greatest long-term return opportunity, non-equity allocations are used to create income, provide stability, and enhance portfolio diversity. Bonds, Preferred Stocks, Real Estate Investment Trusts (REITs), Master Limited Partnerships (MLPs), Managed Futures, and International Equities are the major diversifying assets. However, how much to allocate to each is much more than just a function of age. Temperament, investment experience, income requirements and an investor's true time horizon (investing for themselves vs. their heirs) are integral. Burney does not exercise discretion with respect to asset allocation or offer asset allocation advice, unless the client requests Wealth Management Services, but will execute other than all equity investment plans when directed to do so by a client.

Clients who elect a 100% equity allocation will have Capital Appreciation and/or Total Return as their primary investment objective and demonstrate a risk tolerance sufficient to accept the volatility inherent in a portfolio limited to equity securities.

Clients have the option to place limitations on which securities may be purchased for their accounts. For example, liquor or nuclear power companies may be prohibited.

Some clients elect to have their portfolios managed as clones of the company's master portfolio. In such cases, securities bought and sold mirror the transactions in the master portfolio. There is no discretion to vary from the master portfolio without client consent.

Our Customized Portfolios, model portfolios, and the Burney Master Portfolio combine a strategic perspective on Size and Style with Burney's time-tested stock selection methodology. The Master Portfolio provides a classic value-oriented approach, while customized and model portfolios are more adaptive to each client's specific situation.

### **D. Wrap Fee Programs**

The Burney Company is not involved in "wrap fee" arrangements.

### **E. Managed Assets**

The Burney Company's total discretionary assets under management are approximately \$2.6 Billion as of December 31, 2021. Each Portfolio Manager manages his/her own accounts. There are no non-discretionary assets.



## ITEM 5 – FEES AND COMPENSATION

### **A. Fees and Compensation**

Burney Company's annual rates, billed and payable, quarterly in arrears, are:

Account value to \$500,000.....1.1%  
On additional value over \$500,000.....0.9%

Minimum fee of \$1500

Management fees are based on the market value of assets under management at the end of the quarter. Fees are negotiable.

Fees are payable after the end of each quarter in which services are provided. The client has the choice of whether fees will be deducted from the client's account(s) or whether the client will receive a bill.

If the portfolio management agreement is executed at any time other than the first day of the calendar quarter, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the quarter for which you are a client.

The client's assets will be maintained at a brokerage selected by the client. Each broker has fees that may be incurred for trades. While the client selects the brokerage, we are sometimes asked to suggest one. Suggestions are based on the broker's commission rates, accuracy and responsiveness in effecting transactions, clarity of monthly statements, and proximity of the broker to the client. Reasonableness of commissions is determined by comparing the rates of various brokerages. All transactions for a given client are executed through the broker selected by the client. Clients who select a broker not suggested by us may be charged higher commission rates than those clients selecting one of our recommended brokers. Please see the section on "Brokerage Practices" for further information.

All Burney Size and Style Responsive (SSR) US Equity Strategy investment accounts are Separately Managed Accounts (SMA). As of October 7, 2022, this strategy is available in the form of an Exchange Traded Fund, or ETF, specifically the Burney US Factor Rotation ETF (BRNY), and listed publicly on the Nasdaq Stock Exchange. The Burney Company serves as the sub-advisor to BRNY. Your account may be invested in BRNY. ETF fees are separate from Burney Company management fees. ETFs carry fees called an expense ratio. We have set the expense ratio on our fund at 0.79%. To avoid double billing, the fee charged by the ETF will be offset by the management fee. In cases where the management fee is higher than the ETF fee, the delta may be charged to clients as an advice fee. In cases where the ETF fee is



equal to or greater than the management fee, no management fee will be charged to the client on ETF assets. As an example, if your Burney management fee is 1%, the 0.79% fee of the ETF will be offset against the 1% management fee and you will only pay us 0.21% in advice fees.

The client may terminate services at any time by written notification.

If a client's Portfolio Manager retires or becomes incapacitated, the client, upon his approval, will be assigned to another Portfolio Manager. In such a case, there would be no change in fees or the management of the account. Fees will be billed by and paid to the new Portfolio Manager at the end of the current quarter.

## **ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

### **A. Performance-Based Fees**

The Burney Company does not charge performance-based fees. Fee structure is discussed in more detail in [Item 5](#).

### **B. Side-By-Side Management**

The Burney Company does not practice side-by-side management.

## **ITEM 7 –TYPES OF CLIENTS**

### **A. Clients and Minimum Account Requirements**

The Burney Company mostly provides investment advice to individuals; however, we also service the portfolios of small businesses, pension and profit-sharing plans, trusts, estates, and charitable organizations.

The standard minimum account size for the Burney Company is \$750,000. However, portfolio managers can accept portfolios of lesser value at their discretion.



## **ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS**

### **A. Methods of Analysis and Investment Strategies**

#### **Overview**

Employing proprietary methods developed over the past half century, Burney analyzes a factor library containing over a thousand descriptors of a company's Growth, Valuation, Profitability, Safety, and Technical attributes. Factors associated with excess return are used in analytical models that score stocks based on their excess return potential.

#### **Equity Portfolios**

Customized Portfolios may be constructed using the Burney Company's proprietary stock selection process. Our Customized Portfolios, model portfolios, and the Burney Master Portfolio combine a strategic perspective on Size and Style with Burney's time-tested stock selection methodology. The Master Portfolio provides a classic value-oriented approach, while a customized or model portfolio is more adaptive to each client's specific situation. Both offer a history of client satisfaction.

#### **The Burney Master Portfolio**

The Master Portfolio combines a traditional approach to investing with a focus on solid, undervalued stocks. Established at the company's founding in October 1974, its documented long-term performance is the result of the consistent application of Burney's proprietary analytical methods.

The Burney Master Portfolio was established to provide a measure of investment performance. It was initiated with the first ten stocks purchased for clients after the company's founding in October 1974. Purchase and sale prices are determined by the closing price of the stock on the day before the assumed trade is made. We offer clients the option to have their portfolios managed to replicate the Master Portfolio.

#### **Options**

An option is a contract that gives the buyer the right, but not the obligation, to buy or sell a particular security at a specified price on or before the expiration date of the option. When an investor sells an option, the investor might deliver the buyer a specified number of shares if the buyer exercises the



option. The option writer/seller receives a premium (the market price of the option at a particular time) in exchange for writing the option.

At the client's written direction, options may be used in the management of client assets. Covered calls may be sold to generate income and/or puts may be bought to protect position or portfolio downside. Clients must acknowledge an appropriate disclosure of the risk and reward implications including the fact that either option strategy will decrease expected return. Options will not be used in an attempt to time the market. Options are to be used either in a consistent, strategic manner in the case of covered calls or to allay a specific client concern in the case of puts.

### **Margin Transactions**

Margin transactions are a securities transaction in which an investor borrows money to purchase a security, in which case the security serves as collateral on the loan.

### **Short Sales**

A Portfolio Manager may "sell short" a particular security within a client's portfolio. A "short sale" works by borrowing a security from a brokerage firm and selling it immediately, hoping to buy it back later at a lower price. Thus, a short seller hopes that the price of a stock will go down in the near future, generally using declines in the market to their advantage. The short seller makes money when the stock prices fall and loses when prices go up. The SEC has strict regulations in place regarding short selling. Short sales are only to be used in conjunction with the Long-Short strategy described next unless specifically requested by a client.

### **Long-Short Strategies**

Long-Short strategies are a broad category of investment strategies that invest both long and short in various securities. A common strategy is a 130-30 strategy in which 130% of the capital in an account is invested long and 30% invested short so that the net exposure to the stock market is 100%. The goal of such a strategy is to achieve market-like returns with additional return generated from the differential between the long and short securities. Other long-short strategies may aim to reduce the exposure to the stock market by investing 100% long and a portion, up to 100% in the case of market neutral strategies, short. These strategies result in less net exposure to the stock market as the short portfolio offsets the exposure from the long portfolio.

## **B. Risks of Investment Strategies**

### **Equity Portfolios**

The Burney Company mostly manages all equity portfolios, which are subject to stock market volatility. All investments in securities and other financial instruments involve substantial risk of volatility



(potentially resulting in rapid declines in market prices and significant losses) arising from any number of factors that are beyond the control of the advisor, such as: changing market sentiment; changes in industrial conditions, competition and technology; changes in inflation, exchange or interest rates; changing domestic or international economic or political conditions or events; changes in tax laws and governmental regulation; and changes in trade, fiscal, monetary or exchange control programs or policies of governments or their agencies (including their central banks). Changes such as these, as well as innumerable other factors, are often unpredictable and unforeseeable, rendering it difficult or impossible to predict or foresee future market movements. Unexpected volatility or illiquidity in the markets in which the Strategy holds positions could impair its ability to achieve its objective and cause it to incur losses.

The Company also actively manages portfolios so there is a risk of tracking errors as we tilt portfolios with respect to size and style (SSR). The average position holding period is 1 to 3 years.

In regard to the Master Portfolio, past performance is not a guarantee of future results and that there can be no assurance that the performances of personally tailored portfolios will equal that of the Master Portfolio. Equity investment includes the risk of loss. Portfolios with significant fixed income and money market investments have under-performed the Master. Furthermore, clients with personally managed portfolios do not own the same stocks that comprise the Master because some Master stocks may not fit the investment objectives and risk tolerance of the client.

See also explanation above in section [Item 8.A.](#)

### **Options**

Options are complex investments and can be very risky, especially if the investor does own the underlying stock. In certain circumstances, the investor's risk can be unlimited. Clients must acknowledge an appropriate disclosure of the risk and reward implications including the fact that either option strategy will decrease expected return.

### **Margin Transactions**

If the value of the shares drops sufficiently, the investor will be required to either deposit more cash into the account or sell a portion of the stock to maintain the margin requirements of the account. This is known as a "margin call." An investor's overall risk includes the amount of money invested plus the amount that was loaned to them.

### **Short Sales**

Short selling is very risky. Due to the asymmetric return potential of a short sale, investors should exercise caution before short selling is implemented. The upside of a short sale is limited to 100% of the



investment but there is no ceiling on potential losses as the stock can theoretically keep rising forever. As such, there is unlimited loss potential in a short sale.

A short seller must also pay dividends on the borrowed securities. If the company declares huge dividends or issues bonus shares, the short seller will have to pay that amount to the lender. Such corporate actions by the company whose securities have been sold short can negatively impact the investment.

At any time, the brokerage firm can “call away” any borrowed securities. If shares of a short investment are called away, the short seller will be forced to buy back shares to cover the short position at the current market price. If the price of the security is above the value at which it was originally shorted, losses will be realized even if the short seller would prefer to hold onto the investment.

Margin interest can be a significant expense. Since short sales can only be undertaken in margin accounts, the interest payable on short trades can be substantial, especially if short positions are kept open over an extended period.

Shares that are difficult to borrow (because of high short interest, limited float, or any other reason) have "hard-to-borrow" fees. These fees are based on an annualized rate that can range from a small fraction of a percent to more than 100% of the value of the short trade. The hard-to borrow rate can fluctuate substantially daily; therefore, the exact dollar amount of the fee may not be known in advance and may be substantial.

Short selling will only occur as part of a Long-Short portfolio management strategy (see below) to mitigate risk. Short selling will not be done separately unless at a client’s direction. Stocks sold short must have Scores in the sell range or possibly the hold range with certain other Burney sell indicators present. A stock sold short cannot be a candidate for buying per Burney Score buying rules.

### **Long-Short Strategies**

While some long-short strategies reduce exposure to the stock market, not all do. The type of long-short strategy being implemented should be understood before its implementation. The net exposure of the long-short strategy informs the amount of risk taken by the portfolio. For example, a 130-30 Long-Short Portfolio has the same exposure to the stock market as a 100% equity portfolio. The short portion of the portfolio will not protect against market declines in a portfolio with 100% net exposure to the stock market.

The short portion of any long-short portfolio carries the risks associated with short selling and the long portion carries the risks associated with investing in equities.



With the Long-Short strategy there is an unlikely, but possible, conflict of interest if a client requests a portfolio manager to short a stock while at the same time another portfolio manager may be long.

See [Item 11D](#) for more information.

### **C. Risks Involved With Particular Securities**

All investments in securities and other financial instruments involve substantial risk of volatility (potentially resulting in rapid declines in market prices and significant losses) arising from any number of factors that are beyond the control of the advisor, such as: changing market sentiment; changes in industrial conditions, competition and technology; changes in inflation, exchange- or interest rates; changing domestic or international economic or political conditions or events; changes in tax laws and governmental regulation; and changes in trade, fiscal, monetary or exchange control programs or policies of governments or their agencies (including their central banks). Changes such as these, as well as innumerable other factors, are often unpredictable and unforeseeable, rendering it difficult or impossible to predict or foresee future market movements. Unexpected volatility or illiquidity in the markets in which the Strategy holds positions could impair its ability to achieve its objective and cause it to incur losses.

#### **Money Market Funds**

A money market fund is technically a security. The fund managers attempt to keep the share price constant at \$1/share. However, there is no guarantee that the share price will stay at \$1/share. If the share price goes down, you can lose some, or all, of your principal. The U.S. Securities and Exchange Commission ("SEC") notes that "While investor losses in money market funds have been rare, they are possible." In return for this risk, you should earn a greater return on your cash than you would expect from a Federal Deposit Insurance Corporation ("FDIC") insured savings account (money market funds are not FDIC insured). Next, money market fund rates are variable. In other words, you do not know how much you will earn on your investment next month. The rate could go up or go down. If it goes up, that may result in a positive outcome. However, if it goes down and you earn less than you expected to earn, you may end up needing more cash.

A final risk you are taking with money market funds has to do with inflation. Because money market funds are considered to be safer than other investments like stocks, long-term average returns on money market funds tends to be less than long term average returns on riskier investments. Over long periods of time, inflation can eat away at your returns.

#### **Mutual Funds and Exchange Traded Funds**

Mutual funds and exchange traded funds ("ETF") are professionally managed collective investment systems that pool money from many investors and may invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities, or any combination thereof. The fund will



have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities.

ETFs differ from mutual funds since they can be bought and sold throughout the day like stocks and their price can fluctuate throughout the day. The returns on mutual funds and ETFs can be reduced by the costs to manage the funds. Also, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, the fund, other types of mutual funds do charge such fees which can also reduce returns. Mutual funds can also be "closed end" or "open end". So-called "open end" mutual funds continue to allow in new investors indefinitely whereas "closed end" funds have a fixed number of shares to sell which can limit their availability to new investors.

ETFs may have tracking error risks. For example, the ETF investment adviser may not be able to cause the ETF's performance to match that of its Underlying Index or other benchmark, which may negatively affect the ETF's performance. In addition, an ETF may not have investment exposure to all of the securities included in its Underlying Index, or its weighting of investment exposure to such securities may vary from that of the Underlying Index.

## **ITEM 9 – DISCIPLINARY INFORMATION**

### **A. Disciplinary Events**

The Burney Company has no material legal or disciplinary events to report.

## **ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

### **A. Broker-Dealer Affiliations**

The Burney Company does not have any employee who is a registered-representative of a broker-dealer.



## **B. Other Financial Industry Affiliations**

The Burney Company acts as a sub-advisor to Camden Capital, LLC. Camden Capital delegates assets to our firm to invest in our equity strategies. We manage these assets the same as we do all our accounts. The Burney Company receives our standard advisory fee on these assets.

There could be a conflict of interest in that there may be a tendency to favor these accounts over other clients. This is addressed by the fact that all accounts investing the same model are traded together. The fee collected from the Camden accounts is the same as all other accounts.

The Burney Company acts as the sub-advisor to an ETF, specifically the Burney US Factor Rotation ETF (BRNY), in which you may be solicited to invest. The fees charged by the ETF are separate from our advisory fees. You should refer to the offering documents for a complete description of the fees, investment objectives, risk and other relevant information associated with investing in this ETF. Persons affiliated with our firm may make an investment in BRNY. [See Item 5.](#)

## **ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **A. Code of Ethics**

The Burney Company believes employees must maintain the company's excellent reputation for integrity, honesty, trustworthiness, and professionalism that has been part of the company since its inception in 1974. The Burney Company maintains that it is essential that, in all aspects of our investment management services, we scrupulously maintain the highest standards of moral principles and values. The interests of the client are always paramount, and this obligation is inherent in fulfilling our fiduciary responsibilities. We will provide a copy of our Code of Ethics to any client or prospective client upon request.

### **B. Securities in Which the Adviser or Related Person has Material Financial Interest**

We serve as the sub-advisor to an ETF (specifically the Burney U.S. Factor Rotation ETF) in which you may be solicited to invest. The fees charged by the ETFs are separate and apart from our advisory fees. You should refer to the offering documents for a complete description of the fees, investment objectives, risks and other relevant information associated with investing in this ETF. Persons affiliated with our firm may make investments in this ETF. A conflict of interest exists since we have an incentive to recommend this ETF over other investments.



### **C. Portfolio Managers Investing in Securities that They Recommend to Clients**

The company and officers and portfolio managers of the company may buy or sell the same securities that they buy or sell for their clients. Our policy is that Portfolio Managers buy after buying for clients and sell after selling for clients. At the end of each quarter employee transactions are compared with those of the clients to ensure adherence to the company's personal trading policy.

There will a 7-day blackout for all employees managing our ETF (BRNY). These employees cannot trade their personal accounts for seven days from when the trades for the ETF are identified. Adherence to this policy will be verified after each rebalancing of the ETF by comparing the personal transactions of the employees with those trades in the ETF.

The foregoing regarding personal transactions is part of the company's Policies and Procedures and Code of Ethics.

### **D. Conflicts of Interest**

The more assets you have in the advisory account, including cash, the more you will pay us. We therefore have an incentive to encourage you to invest additional funds in your account in order to increase the fees we receive.

The Burney Company's portfolio managers may implement the Long-Short investment strategy for clients, described in [Item 8.A. and 8.B.](#) Short selling will only occur as part of a Long-Short portfolio management strategy or when directed by a client. With the Long-Short strategy there is an unlikely, but possible, conflict of interest if a client requests a portfolio manager to short a stock while at the same time another portfolio manager may be long. This is unlikely because the company's policies and procedures limit portfolio managers to making stock purchases within the buy range of our proprietary Score. In the same manner, stocks sold short must have Scores in the sell range or possibly the hold range with certain other Burney sell indicators present. Therefore, a stock sold short cannot be a candidate for buying per Burney Score buying rules unless it is specifically requested by a client.

There is a possible conflict of interest with The Burney Company being a sub-advisor on an ETF (BRNY). First, there is a concern that trading BRNY will take priority over separately managed accounts which use the same strategy. This is addressed by trading the ETF and those separately managed accounts on a rotating basis so as not to favor one over the other.

Second, there is a risk that Burney will favor certain investment strategies in the ETF versus separately managed accounts. Since managing the ETF will be utilizing the same core strategy as our SSR separately managed accounts, the risks to BRNY are the same as the risk of purchasing equities.



Finally, there is a possible conflict of interest whereby Burney Company has an incentive to place clients in BRNY. This is addressed by determining each client's investment objectives and risk tolerance and working with whichever strategy best meets their criteria.

See [Item 11C](#).

## **ITEM 12 – BROKERAGE PRACTICES**

### **A. Factors in Selecting and Recommending Broker-Dealers for Client Transactions**

In the past, Advisor had participated in the institutional advisor program (the "Program") offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisors services, which include custody of securities, trade execution, clearance, and settlement of transactions. Advisor receives some benefits from TD Ameritrade through its participation in the Program. (Please see the disclosure under [Item 14](#) below.)

#### **Research and Other Soft Dollar Benefits**

As part of its fiduciary duties to clients, the firm endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by the Adviser or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Adviser's choice of TD Ameritrade for custody and brokerage services but has no effect on our "best execution" responsibility. This company agrees to comply with the applicable requirements of the Advisers Act Rule 204-3 (the "Brochure Rule") and applicable, similar state requirements.

While the client selects the brokerage, we are sometimes asked to suggest one. Suggestions are based on the broker's commission rates, accuracy and responsiveness in effecting transactions, clarity of monthly statements, and proximity of the broker to the client. Reasonableness of commissions is determined by comparing the rates of various brokerages. All transactions for a given client are executed through the broker selected by the client. Clients who select a broker not suggested by us may be charged higher commission rates than those clients selecting one of our recommended brokers. When a broker refers a client, brokerage fees will be as arranged between the broker and the client. All transactions for the client are directed to the referring broker. This may result in the client being charged higher fees than other Burney clients.

### **B. Aggregation of Purchase and Sale of Securities**

Orders for the purchase and sale of securities are sometimes aggregated. This procedure has no effect on our recommendations regarding the selection of brokers, all clients are eligible to participate in aggregated trades, and such trades have no effect on commissions.



When orders for clients' accounts are aggregated and less than the total number of shares in the block trade are purchased or sold at the price specified, allocations are made to clients' accounts on a random basis. No client is favored over another.

## **ITEM 13 – REVIEW OF ACCOUNTS**

### **A. Frequency and Nature of Client Account Reviews**

Emphasis is on the review of stocks held by clients. Stocks are analyzed bi-weekly by the company's analytical group. The major purpose of reviews is to compare market prices with values as determined by our analyses. These analyses are provided to the company's portfolio managers and are used by them to structure clients' portfolios in accordance with company policies and clients' instructions. Portfolio managers formally review each account quarterly when a report is prepared for each client and performance results are calculated.

### **B. Factors to Prompt Review of Client Accounts Other Than Periodic Review**

Reviews are conducted on other than a periodic basis upon a client's request.

### **C. Client Reports - Content and Frequency**

A monthly summary of each account is provided by the brokerage administering that account. The portfolio manager provides a written quarterly report to the client citing the management fee charged, the value of the assets upon which the fee is based and the fee schedule.

## **ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION**

### **A. Economic Benefits and Conflicts of Interest for Providing Services to Non-Clients**

The Advisor engages independent solicitors to provide client referrals. If a client is referred to us by a solicitor, this practice is disclosed to the client in writing by the solicitor and the Advisor pays the solicitor out of its own funds—specifically, the Advisor generally pays the solicitor a portion of the advisory fees earned for managing the capital of the client or investor that was referred. The use of solicitors is strictly regulated under applicable federal and state law. The Advisor's policy is to fully comply with the requirements of Rule 206(4)-3, under the Investment Advisers Act of 1940, as amended, and similar state rules, as applicable.



## **B. Arrangement and Compensation of Non-Supervised Persons for Client Referrals**

### **TD Ameritrade AdvisorDirect Program**

In the past, The Burney Company participated in TD Ameritrade's institutional customer program called AdvisorDirect. The Burney Company is no longer participating in the TD Ameritrade AdvisorDirect program; however, The Burney Company "compensates" TDA for referrals received when the company was participating in the AdvisorDirect program.

There is no direct link between Advisor's past participation in the program and the investment advice it gives to its clients, although Advisor receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Advisor by third party vendors.

Advisor still pays TD Ameritrade an on-going fee for each successful client referral. This fee is usually a percentage (not to exceed 25%) of the advisory fee that the client pays to Advisor ("Solicitation Fee"). Advisor will also pay TD Ameritrade the Solicitation Fee on any advisory fees received by Advisor from any of a referred client's family members, including a spouse, child or any other immediate family member who resides with the referred client and hired Advisor on the recommendation of such referred client. Advisor will not charge clients referred through AdvisorDirect any fees or costs higher than its standard fee schedule offered to its clients or otherwise pass Solicitation Fees paid to TD Ameritrade to its clients. For information regarding additional or other fees paid directly or indirectly to TD Ameritrade, please refer to the TD Ameritrade AdvisorDirect Disclosure and Acknowledgement Form.

As part of its fiduciary duties to clients, Advisor endeavors always to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Advisor or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Advisor's choice of TD Ameritrade for custody and brokerage services.

### **ZOE Advisor Network**

The Advisor may receive client referrals from Zoe Financial, Inc through its participation in Zoe Advisor Network (ZAN). Zoe Financial, Inc is independent of and unaffiliated with the Advisor and there is no employee relationship between them. Zoe Financial established the Zoe Advisor Network as a means of referring individuals and other investors seeking fiduciary personal investment management services or



financial planning services to independent investment advisors. Zoe Financial does not supervise the Advisor and has no responsibility for the Advisor's management of client portfolios or the Advisor's other advice or services. The Advisor pays Zoe Financial an on-going fee for each successful client referral. This fee is usually a percentage of the advisory fee that the client pays to the Advisor ("Solicitation Fee"). The Advisor will not charge clients referred through Zoe Advisor Network any fees or costs higher than its standard fee schedule offered to its clients. For information regarding additional or other fees paid directly or indirectly to Zoe Financial Inc, please refer to the Zoe Financial Disclosure and Acknowledgement Form.

### **Business Development Employees**

Advisor, through its affiliates, compensates our business development employees for developing and converting client referrals. The terms and potential conflicts of interests follow those of Advisor's referral agreement with TD Ameritrade.

## **ITEM 15 - CUSTODY**

### **A. Custody of Accounts and Statements from Other Qualified Custodians**

The Burney Company has custody of client funds by virtue of its ability to deduct management fees directly from client accounts. Clients will receive account statements from the broker-dealer, bank, or other qualified custodian and clients should carefully review those statements. The client should also receive a statement from their Burney Company Portfolio manager. We encourage all clients to compare the Burney Company account statement listing of your holdings with those of the Brokerage statements. If you have a question regarding your account statement, contact your portfolio manager.

The Burney Company is also considered to have custody of client funds when a client authorizes their advisor to move client funds to a third party via a Standing Letter of Authorization (SLOA). The money movement can be for third party checks, journals, ACHs and/or wires.

## **ITEM 16 – INVESTMENT DISCRETION**

### **A. Discretionary Authority**

The Portfolio Managers of the Burney Company obtain a Limited Power of Attorney (LPOA) from each new client that gives them discretionary authority to manage securities. The client directs the total



amount to be invested in securities. Clients may place limitations on which securities may be purchased for their own accounts. For example, liquor or nuclear power companies may be prohibited.

We may use a third-party (Pontera) to facilitate management of held away assets such as defined contribution plan participant accounts i.e., 401(k)s, 403(b)s and 529s, with discretion. The platform enables your adviser to view, manage and trade any held away assets and provide you with the benefits of comprehensive portfolio management. The platform allows us to avoid being considered to have custody of client funds since we do not have direct access to client log-in credentials to affect trades. We are not affiliated with the platform in any way and receive no compensation from them for using their platform. A link will be provided to the client, allowing them to connect an account or accounts to the platform. Once a client account is connected to the platform, your Burney advisor will review the current account allocations. When deemed necessary, your advisor will rebalance the account considering client investment goals and risk tolerance, and any change allocations will consider current economic and market trends. Client accounts will be review at least quarterly and allocation changes will be made as deemed necessary.

Burney will pay Pontera 0.25% on assets on the platform, which will be paid by Burney from the management fee that the client pays Burney. The client's fee will remain the same.

## **ITEM 17 – VOTING CLIENT SECURITIES**

### **A. Policies and Procedures on Voting Client Securities**

The Burney Company has authority to vote securities for a limited number of existing client accounts. The Burney Company will not accept authority to vote securities on existing accounts currently not voted nor on new accounts unless specifically directed in writing to do so by the client. There are no conflicts of interests between our clients and the Burney Company (including those of our affiliates, directors, officers, and employees). In any event, our fiduciary duty is to always place our client's best interests before our own.

Limitations on Our Responsibilities:

#### **Limited Value**

We may abstain from voting a client proxy if we conclude that the effect on client's economic interests or the value of the portfolio holding is indeterminable or insignificant.

#### **Unjustifiable Costs**

We may abstain from voting a client proxy for cost reasons (e.g., costs associated with voting proxies of non-U.S. securities). In accordance with our fiduciary duties, we weigh the costs and benefits of voting



proxy proposals relating to foreign securities and make an informed decision with respect to whether voting a given proxy proposal is prudent. Our decision considers the effect that the vote of our clients, either by itself or together with other votes, is expected to have on the value of our client's investment and whether this expected effect would outweigh the cost of voting.

A client for whom we are responsible for voting proxies may obtain information from us on how we voted their securities as well as our voting policies, procedures, etc. by written request.

Clients for whom The Burney Company does not vote securities will receive their proxies directly from their custodian and may contact their portfolio manager in writing, by email, or by phone with questions about a particular solicitation.

## **ITEM 18 – FINANCIAL INFORMATION**

### **A. Financial Impairment Likely to Impair the Meeting of Contractual Commitments**

The Burney Company does not have any financial impairment that precludes it from meeting its contractual commitments to clients.