# BURNSIDE
## AND CO.

CUSTOM-MADE FINANCIAL SERVICES

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02/23/2016

This Brochure provides information about the qualifications and business practices of Burnside and Co., LLC. If you have any questions about the contents of this Brochure, please contact us at (503) 658-3138 or John@BurnsideandCo.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Burnside and Co., LLC is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Burnside and Co., LLC also is available on the SEC's website at www.advisorinfo.sec.gov.

**Item 2 – Material Changes**

The date of our most recent annual update to our Brochure was June 26, 2014.

We have made the following material changes to our Brochure since our most recent annual update:

- Name change to reflect our service oriented company
- Item 4 – Updated language to more accurately describe the services being provided
- Item 5 – Updated fee structure to be more flexible with client needs
- Item 8 – Updated risks of securities that are utilized
- Item 10 – Updated financial affiliations
- Item 12 – Updated benefits received by broker-dealers/custodians
- New website and email address to coincide with the new company name

Currently, our Brochure may be requested by contacting John Burnside at (503) 658-3138 or by email to john@burnsideandCo.com.

**Item 3 – Table of Contents**

## Item 4 – Advisory Business

**A. Firm Description.** Burnside & Co., LLC (formerly Burnside Capital Management, LLC and hereinafter referred to as "We", "Our", "Us", "Firm" and "Burnside & Co.") has been in business since 2004. Our office is located in Portland, Oregon and we are an Oregon state registered investment advisor. John C. Burnside is the majority owner of the firm.

**B. Types of Advisory Services**.

Burnside and Co.'s offers these broad services that can be utilized:

- Investment Management – proper investment strategy implementation and maintenance
- Financial Planning – hourly knowledge sharing

We understand that each of our clients has unique service requirements that ranges from simple to complex. Therefore, Burnside and Co. will build a customized service package at a negotiated and fair charge that fits each client's specific needs.

Our clients receive the exact kind of support they need and are charged appropriately for what they request.

<u>Details of Broad Services</u>

Investment Management

i. Administer a personal investor questionnaire and a risk assessment;
ii. Build and maintain a personalized investment policy statement;
iii. Deliver specific asset allocation direction;
iv. Provide precise investment recommendations based on firm's investment philosophy; (6) Place appropriate trades in accounts that Advisor has discretionary authority;
v. Generate annual performance reports;
vi. Provide other insightful reporting on a periodic basis;
vii. Access to our performance portal;
viii. Access to our financial planning portal with financial planning tools and document storage;

Financial Planning

i. Administer a personal investor questionnaire and a risk assessment;
ii. Provide general financial planning guidance when appropriate
iii. Provide detailed financial planning guidance when appropriate
iv. Deliver specific asset allocation direction
v. Service can be setup as a one-time deliverable or as an ongoing relationship

C. **Client Tailored Relationships and Restrictions.** There is a great deal of flexibility within the framework outlined above to tailor our services to meet very specific needs of an individual client. In this scenario, it would be clearly outlined in the *Investment Policy Statement*.

D. **Wrap Fee Program.** We do not sponsor or provide portfolio management services to a wrap fee program.

E. **Assets Under Management ("AUM").** As of 12/31/2015 Burnside and Co. manages $17,500,000 of client assets. $17,366,300 is managed on a "discretionary basis" and $133,700 is managed on a "non-discretionary" basis.

## Item 5 – Fees and Compensation

**A.** Compensation to Burnside and Co. varies based on the specific service that each individual client employs. The fee structure for each service option is listed below.

**a. <u>Investment Management Services</u>**

For its Investment Management services, Burnside and Co. charges its investment advisory clients a monthly fee in arrears that ranges from a minimum/maximum annual charge of 0.50 to 1.50% (depending on each client's specific complexity needs). Burnside and Co. may amend its fee schedule from time to time upon providing its clients 30 days prior written notice. These advisory fees may be paid directly to us from the Account by Custodian. Payment of fees may result in the liquidation of client's securities if there is insufficient cash in the account. Copies of the fee invoices will be mailed/emailed to our clients as required by law.

Investment Management Service fee shall be due within 10 days from the date of the invoice. A late charge of 1½ percent per month will be charged upon any balance unpaid within one month of the invoice date. The fee will be equal to the amount as described on Schedule A of the Investment Advisory Agreement and shall be based on the market value of client's accounts on the last trading day of the previous month.

These fees are negotiable.

**b. <u>Financial Planning Services</u>**

Burnside and Co. charges its financial planning clients a quarterly fee in arrears that ranges from a minimum/maximum hourly charge of $100 to $200 (depending on each client's specific complexity needs). . Burnside and Co. may amend its fee schedule from time to time upon providing its clients 30 days prior written notice. These fees may be paid directly to us from the Account by Custodian if a client is also an Investment Management client. Copies of the fee invoices will be mailed/emailed to our clients as required by law.

Fees for partial months will be prorated based on the number of days this service was being provided.

The Financial Planning fee shall be due within 10 days from the date of the invoice. A late charge of 1½ percent per month will be charged upon any balance unpaid within one month of the invoice date. The fee will be equal to the amount as described on Schedule B of the Investment Advisory Agreement.

These fees are negotiable

**B.** Investment Management and Financial Planning, fees may be paid directly to us from the Account by Custodian. These fees can also be paid directly from client via check or via electronic means setup on the Client's side. Clients are billed at the end of each month for Investment Management and Technology Tools services and at the end of each calendar quarter for ongoing Financial Planning services.

**C.** In addition to the Advisory Fee, Clients may incur other charges imposed by custodians, brokers, and other third parties (such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes). All brokerage commissions, custodial fees and service charges, stock transfer fees, and other similar charges incurred in connection with transactions for the Account will be paid out of the assets in the Account or billed separately to the Client and are in addition to the investment management fees paid to the Advisor as set forth in Section 6 below.

**D.** Clients are expected to pay in arrears for the Burnside & Co. services. Fees for partial months and quarters at the commencement or termination of this Agreement will be prorated based on the number of days the account(s) was open during the quarter.

**E.** We do not accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

## Item 6 – Performance Based Fees

Burnside and Co. does not charge any performance-based fees (fees based on a share of capital gains or on capital appreciation of the assets of a client). Burnside and Co. does not provide side-by-side management.

## Item 7 – Types of Clients

Burnside and Co. provides services to the following types of clients:

- individuals,
- high net worth individuals,

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

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

#### *Methods of Analysis*

Burnside and Co.'s methods of analysis include fundamental analysis, Modern Portfolio Theory, quantitative analysis.

**Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

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

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

The main sources of information include Morningstar Investment Detail reports, Thomson Reuters StockReports+, Standard & Poor's Stock Report, Vickers Insider Trading Chronologies, Argus Company Report, TheStreet Ratings Report, and Jaywalk Consensus Report

#### *Investment Strategies*

We construct diversified asset allocation portfolios that contain a mix of equity and fixed income investments. The positions used can vary by the sector, size quality, and geographic location of the issuer. In addition, as appropriate, we may utilize non-traditional assets.

We are generally advocates of asset allocation investing. Being devoted to a steady mixture of asset classes helps reduce risk and positions client's portfolios for better long-term success. However, we can implement other strategies that are appropriate for specific clients.

**Our Investment Process:**

1. Match an appropriate asset allocation for each client based on their return and risk requirements.
2. Set appropriate tolerances for each underlying asset class
3. Generally, portfolios are populated with a core of low-cost index ETFs and mutual funds. Index positions allow for a consistent performance relative to a benchmark.
4. If a client prefers to try and beat the markets (indexes), we will add active funds and other assets to the mix.
5. Rebalancing occurs when asset class tolerances are breached, when there is available cash in the account to reinvest, when the client's risk tolerance has changed and/or when an investment's rating has become unfavorable.

If clients prefer to invest in non-traditional assets (private placements, crowd funded offerings and other non-public and/or illiquid securities in local and impact and other alternative investments), we will help them understand how these assets can fit into their overall asset allocation.

## B. Material Risks Involved

***Methods of Analysis***

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

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

**Quantitative Model Risk:** Investment strategies using quantitative models may perform differently than expected as a result of, among other things, the factors used in the models, the weight placed on each factor, changes from the factors' historical trends, and technical issues in the construction and implementation of the models.

***Investment Strategies***

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

**Selection of Other Advisers:** Although FIRM will seek to select only money managers who will invest clients' assets with the highest level of integrity, FIRM's selection process cannot ensure that money managers will perform as desired and FIRM will have no control over the day-to-day operations of any of its selected money managers. FIRM would not necessarily be aware of certain activities at the underlying money manager level, including without limitation a money manager's engaging in unreported risks, investment "style drift" or even regulator breach or fraud.

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

## C. Risks of Specific Securities Utilized

Burnside and Co. generally seeks investment strategies that do not involve significant or unusual risk beyond that of the general domestic, international, and/or emerging equity and debt markets. However, it will utilize margin transactions. Margin transactions generally hold greater risk of capital loss and clients should be aware that there is a material risk of loss using any of those strategies. The investment types listed below (leaving aside Treasury Inflation Protected/Inflation Linked Bonds) are not guaranteed or insured by the FDIC or any other government agency.

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

**Equity** investment generally refers to buying shares of stocks by an individual or firms in return for receiving a future payment of dividends and capital gains if the value of the stock increases. There is an innate risk involved when purchasing a stock that it may decrease in value and the investment may incur a loss.

**Treasury Inflation Protected/Inflation Linked Bonds:** The Risk of default on these bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal.

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

**High Yield Bonds** are an investment that guarantees fixed periodic payments in the future that may involve economic risks such as inflationary risk, interest rate risk. High Yield Bonds are at greater risk of default and repayment of principal due to the lower credit quality of the issuer.

**Debt securities** carry risks such as the possibility of default on the principal, fluctuation in interest rates, and counterparties being unable to meet obligations.

**Stocks & Exchange Traded Funds (ETF)**: Investing in stocks & ETF's carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy).

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

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

**Precious Metal ETFs** (e.g., Gold, Silver, or Palladium Bullion backed "electronic shares" not physical metal): Investing in precious metal ETFs carries the risk of capital loss.

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

**Over-the-counter Currency:** The low correlation to equity markets makes currency investments an invaluable source of *diversification* to the overall portfolio. However, it is important to note that there may be periods of higher volatility and liquidity maybe restrictive at certain periods in the 24 hour period. Further, the utilization of leverage in various instruments may amplify losses and profits. These over the counter instruments also carry the credit risk of the firm issuing the instruments.

**International and Emerging Markets:** investments in international and emerging market economies stocks and bonds may expose portfolio to greater volatility due to additional risks of currency and exchange rate fluctuations, political instability and governance issues, and liquidity concerns.

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

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

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

## Item 9 – Disciplinary Information

### A. Criminal or Civil Actions

There are no criminal or civil actions to report.

### B. Administrative Proceedings

There are no administrative proceedings to report.

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

There are no self-regulatory organization proceedings to report.

## Item 10 – Other Financial Industry Activities and Affiliations

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

Neither Firm nor its representatives are registered as, or have pending applications to become, a broker/dealer or a representative of a broker/dealer.

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

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

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

Neither Firm nor its representatives have any material relationships to this advisory business that would present a possible conflict of interest

### D. Use of Third Party Investment Advisors

Burnside and Co. may direct clients to third-party investment advisers. Clients will pay Firm its standard fee in addition to the standard fee for the advisers to which it directs those clients. This relationship will be memorialized in each contract between Burnside and Co. and each third-party advisor. The fees will not exceed any limit imposed by any regulatory agency. Burnside and Co. will always act in the best interests of the client, including when determining which third-party investment adviser to recommend to clients. Firm will ensure that all recommended advisers are licensed or notice filed in the states in which Firm is recommending them to clients.

## Item 11 – Code of Ethics

A. **Code of Ethics Description.** Burnside and Co. has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Burnside and Co. must acknowledge the terms of the Code of Ethics annually, or as amended.

   Burnside and Co. anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which Burnside and Co. has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which Burnside and Co., its affiliates and/or clients, directly or indirectly, have a position of interest. Burnside and Co. employees and persons associated with Burnside and Co. are required to follow Burnside and Co.'s Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of Burnside and Co. and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for Burnside and Co.'s clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Burnside and Co. will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of Burnside and Co.'s clients.

   Burnside and Co.'s clients or prospective clients may request a copy of the firm's Code of Ethics by contacting John Burnside at 503-658-3138.

B. **Participation or Interest in Client Transactions**. Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with Burnside and Co.'s obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. Burnside and Co. will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

C. **Participation or Interest in Client Transactions.** The Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between Burnside and Co. and its clients.

## Item 12 – Brokerage Practices

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

Burnside recommends TD Ameritrade Institutional, a division of TD Ameritrade, Inc. Member FINRA/SIPC/NFA.

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

While Burnside has no formal soft dollars program in which soft dollars are used to pay for third party services, Burnside may receive research, products, or other services from custodians and broker-dealers in connection with client securities transactions ("soft dollar benefits"). Burnside may enter into soft-dollar arrangements consistent with (and not outside of) the safe harbor contained in Section 28(e) of the Securities Exchange Act of 1934, as amended. There can be no assurance that any particular client will benefit from soft dollar research, whether or not the client's transactions paid for it, and Burnside does not seek to allocate benefits to client accounts proportionate to any soft dollar credits generated by the accounts. Burnside benefits by not having to produce or pay for the research, products or services, and Burnside will have an incentive to recommend a broker-dealer based on receiving research or services. Clients should be aware that Burnside's acceptance of soft dollar benefits may result in higher commissions charged to the client.

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

As disclosed above, Burnside participates in TD Ameritrade's institutional advisor program and Burnside may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between Burnside's participation in the Program and the investment advice it gives to its clients, although Burnside 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 Burnside 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 Burnside's fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Burnside by third party vendors. TD Ameritrade may also pay for business consulting and professional services received by Burnside's related persons. Some of the products and services made available by TD Ameritrade through the Program may benefit Burnside but may not benefit its client accounts. These products or services may assist Burnside in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Burnside manage and further develop its business enterprise. The benefits received by Burnside or its personnel through participation in the Program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, Burnside endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Burnside or its related persons in and of itself creates a conflict of interest and may indirectly influence the Burnside's choice of TD Ameritrade for custody and brokerage services.

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

Burnside receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

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

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

B. **Aggregation.** We have the capability to aggregate the purchase or sale of securities for various client accounts. This can result in a savings in transaction costs for clients. However, since all clients have custom portfolios and each account is rebalanced at different times, rarely is there an opportunity for this to occur.

## Item 13 – Review of Accounts

A. **Periodic Review of Client Accounts.** An overall assessment of each investment account is performed on at least a quarterly basis by John Burnside. The reviews take into account asset allocation, underling management fees, and ratings of individual securities.

B. **Other Than Periodic Review of Client Accounts.** More frequent reviews may be triggered by a change in client's investment guidelines; tax considerations; large deposits or withdrawals; large security sales or purchases; loss of confidence in corporate management objectives and changes in the macro-economic climate.

C. **Regular Reports.** Performance reports are written annually and sent via US Mail, email, or through another digital method. Performance reports can be generated more often at the client’s request. In addition, performance is available on a daily basis through our Client Performance Portal.

### Item 14 – Client Referrals and Other Compensation

**A.** FIRM does not receive any economic benefit, directly or indirectly from any third party for advice rendered to FIRM clients. Please see Item 12 for benefits received from broker-dealers and custodians.

**B.** **Compensation to Non-Advisory Personnel for Client Referrals.** Burnside may pay a fee to another person to help find new clients. Such persons are commonly called "solicitors" or "finders." We will not pay a solicitor a referral fee unless the following conditions are met:

The solicitor is registered with the State of Oregon.

The solicitor is not subject to an SEC enforcement order or been convicted of serious crimes in the past 10 years. An advisor proposing to pay referral fees to a solicitor should obtain a representation from the solicitor that the solicitor is not subject to disqualification.

The solicitor and Burnside have entered into a written agreement that:

- Describes the solicitation activities the solicitor will take and the fee it will receive;
- Contains an undertaking that the solicitor will perform his or her activities in a manner consistent with the advisor's instructions and the Investment Advisers Act;
- Requires the solicitor to provide the prospective client with the advisor's Part 2 of its Form ADV (or brochure) and a written disclosure document.

At the time of entering an advisory contract with a solicited client, Burnside obtains a signed and dated acknowledgement of receipt of our written disclosure statement; and

We make a bona fide effort to ensure that the solicitor has complied with its agreement with the advisor.

## Item 15 – Custody

With the exception of our ability to deduct Advisory Fees from custodial accounts, Burnside and Co. does not have custody of client's funds. Investment advisory clients will receive standard account statements from the custodian of their accounts on a monthly basis. It is very important that clients compare reports from Burnside and Co. with the brokerage statements to determine accuracy.

## Item 16 – Investment Discretion

Burnside and Co. usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

In some circumstances, a client will only grant us non-discretionary authority to execute its investment recommendations in accordance with the Investment Policy Statement (or similar document used to establish client's objectives and suitability) and the directions and preferences provided to the Burnside by a client. Non-discretionary authority requires the Burnside to obtain a client's prior approval of each specific transaction prior to executing investment recommendations, as well as for the selection and retention of sub-advisors to the account.

When selecting securities and determining amounts Burnside and Co. observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, Burnside and Co.'s authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Investment guidelines and restrictions must be provided to Burnside and Co. in writing.

## Item 17 – Voting Client Securities

As a matter of firm policy and practice, Burnside and Co. does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Burnside and Co. may provide advice to clients regarding the clients' voting of proxies.

## Item 18 – Financial Information

A. **Balance Sheet.** Burnside and Co. does not solicit prepayment of more than $500 in fees per client six (6) months in advance.

B. **Financial Conditions.** Burnside and Co. has no financial issues that could impair our ability to carry out our fiduciary duty to our clients.

C. **Bankruptcy Petition.** Burnside and Co. has not been the subject of a bankruptcy proceeding.

## Item 19 – Requirements for State-Registered Advisors

**A** The majority owner of Burnside and Co. is John C. Burnside, Member. Mr. Burnside performs investment advisory services on behalf of Burnside and Co. for Clients. Mr. Burnside is also responsible for the day to day management and operations of the firm. Mr. Burnside's education and background are separately detailed in Form ADV Part 2B.

**B** Mr. Burnside is not involved in any other business operations.

**C** Burnside and Co. does not receive performance-based fees.

**D** Neither Mr. Burnside, nor anybody associated with Burnside and Co., has ever been the subject of any claims or liability in a civil, self-regulatory or administrative proceeding involving any investment or investment-related business activity or, any dishonest, unfair or unethical practices.

**E** Burnside and Co. does not have a relationship or arrangements with any issuer of securities, therefore we have no information to disclose applicable to this Item.

BURNSIDE

AND CO.

CUSTOM-MADE FINANCIAL SERVICES

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

312 NW 10th, #200
Portland, OR 97209

503-658-3138
[www.BurnsideandCo.com](http://www.BurnsideandCo.com)
02/23/2016

This brochure supplement provides information about John Burnside that supplements the Burnside and Co., LLC Form ADV Part 2A (“Brochure”).  You should have received a copy of Burnside and Co.’s Brochure. Please contact John Burnside, at (503) 658-3138 if you did not receive Burnside’s Brochure or if you have any questions.

Additional information about John Burnside is available on the SEC’s website: www.adviserinfo.sec.gov.

John Burnside
Year of Birth: 1970

**Item 2 – Educational Background and Business Experience**

Education

Bachelors of Arts in Business, Portland State University, 1993 (Portland, OR)

Business Experience

| | |
|---|---|
| 1/2004 to Present | Member, Investment Advisor Representative<br>Burnside Capital Management, LLC (Portland, OR) |
| 1/1998 to 1/2003 | Operational and Sales Services<br>Charles Schwab (Portland, OR) |
| 1/1993 to 1/1998 | Operational and Sales Services<br>Kidder Peabody/Paine Webber (Portland, OR) |

Industry Examinations and Professional Designations

John Burnside has previously taken and passed the following industry examinations: Series 65

**Item 3 – Disciplinary Information**

John Burnside does not have any legal, financial or other disciplinary item to report for this Item.

**Item 4 – Other Business Activities**

John Burnside does not have any other financial services business affiliations other than Burnside and Co..

**Item 5 – Additional Compensation**

John Burnside does not receive additional compensation from third parties in connection with providing investment advice to clients.

**Item 6 – Supervision**

As the sole principal, John Burnside has the ultimate responsibility for the supervision of firm activities as well as the investment advice offered to clients. If you would like to contact John about his supervisory role, he can be reached at 503-658-3138 or john@burnsideandCo.com.

**Item 7 – Requirements for State-Registered Advisors**

John Burnside does not have any legal, financial or other disciplinary item to report for this item.