

## **Form ADV, Part 2A: Brochure**

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**This brochure provides information about the qualifications and business practices of J. V. Bruni and Company. If you have any questions about the contents of this brochure, please contact us at (719) 575-9880 or (800) 748-3409. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.**

**Additional information about J.V. Bruni & Company also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**J. V. Bruni and Company is registered with the SEC. Registration with the SEC does not imply a certain level of skill or training.**

## **Summary of Material Changes**

In July of 2010 the SEC issued a final rule to overhaul Form ADV, Part 2, commonly known as the “brochure.” Brochures are intended to describe an investment adviser’s qualifications, investment strategies, conflicts of interest, business practices and other topics. Advisers with a fiscal year that ends on December 31, as ours does, were required to comply with the new rule by March 31, 2011. We complied with this SEC rule and filed our Form ADV, Part 2A on March 24, 2011.

This current document, dated March 20, 2024, represents our update for this year. There have been no material changes to the information contained in our filing dated March 20, 2023. We will provide clients a summary of any material changes to this brochure or subsequent brochures within 120 days of the end of our fiscal year. We will provide clients interim brochure updates as required.

## **Table of Contents**

Cover Page .....	1
Material Changes .....	2
Table of Contents .....	3
Advisory Business .....	4
Fees and Compensation .....	5
Performance-Based Fees and Side-by-Side Management .....	6
Types of Clients .....	6
Methods of Analysis, Investment Strategies and Risk of Loss.....	7
Disciplinary Information.....	9
Other Financial Industry Activities and Affiliations .....	9
Code of Ethics, Participation or Interest in Client Transactions and Personal Trading ...	9
Brokerage Practices .....	10
Review of Accounts .....	11
Client Referrals and Other Compensation .....	11
Custody .....	11
Investment Discretion .....	12
Voting Client Securities .....	12
Financial Information.....	12

## **Advisory Business**

J. V. Bruni and Company is an investment management firm that is registered with the SEC. We provide money management services for:

- individuals (other than high net worth individuals);
- high net worth individuals;
- pension, profit-sharing and other retirement plans;
- trusts;
- estates;
- charitable organizations, endowments and other nonprofit organizations;
- corporations or other businesses not listed above.

Our firm is based in Colorado Springs, Colorado and began conducting business in 1992. We serve clients living in Colorado and other states/locations. Jerome V. Bruni is our firm's principal owner.

We provide "Investment Supervisory Services." This means we provide continuous advice to clients or make investments for clients based on their individual needs. We manage client accounts on a "discretionary" basis, which means we have the authority to decide:

- which investments to buy and sell for clients;
- the amount of each investment to buy or sell.

As of December 31, 2023, we managed \$865.3 million of client assets on a discretionary basis. We do not offer non-discretionary management services.

Our account management is tailored to the individual investment objectives of each client. Clients provide their investment objectives to us by completing a questionnaire, which is supplemented with an interview if desired by the client. Clients may place limits or restrictions on our investing in certain securities or types of securities. Clients may change these limits or restrictions at any time. We provide regular summaries of investment objectives and existing restrictions to clients. We advise clients to promptly notify us if their objectives, financial situation or restrictions change.

Based on clients' investment objectives and our best judgment regarding the types of investments to pursue their objectives, most of our clients' accounts are invested in corporate equities (stocks), with some money-fund positions. In balanced accounts we include fixed-income investments. When choosing investments for clients based on their objectives, we consider and evaluate:

- equity securities, domestic and foreign;
- investment company securities (e.g., mutual funds, exchange-traded funds);
- money-market securities (e.g., Treasury bills, certificates of deposit, commercial paper, money funds);

- United States government securities (e.g., Treasury notes, bonds and inflation-protected securities);
- corporate debt securities (e.g., corporate notes and bonds);
- options and warrants.

For clients who don't want Investment Supervisory Services, we can provide more limited investment advice. This may include advice on specific areas of interest or on general investment or financial topics.

Individuals or groups can hire us to provide presentations on economics, investments and related matters.

We do not provide legal, accounting, market timing, budgeting, financial planning, or estate planning services.

### **Fees and Compensation**

For Investment Supervisory Services (see "Advisory Business"), we charge a percentage fee, based on an average of month-end account values. This fee is billed after the end of each calendar quarter. The table below summarizes our fee schedule:

<u>Portion of each account</u>	<u>Annualized fee rate</u>
Up through \$500,000	1.25%
Over \$500,000 through \$3.0 million	1.00
Over \$3.0 million through \$10.0 million	0.75
Over \$10.0 million	0.50

To illustrate how each billing tier could affect an account's overall fee rate, consider a \$15 million sample account. Consistent with the above schedule, our annualized fee for this account would be as follows:

<u>Portion of sample account</u>	<u>Annualized fee rate</u>
First \$500,000	1.25%
Next 2,500,000	1.00
Next 7,000,000	0.75
<u>Next 5,000,000</u>	0.50
Total: \$15,000,000	0.725

Given our fee schedule, the effective annualized fee rate for accounts smaller than \$15 million would be more than 0.725%. The effective annualized fee rate for accounts larger than \$15 million would be less than 0.725%. Clients should note that similar advisory services may (or may not) be available from other investment advisers for similar or lower fees. Our fees are deducted automatically from client accounts and paid to us after each quarter, unless a client prefers to pay us directly.

We may modify our fee schedule, subject to discussion with and approval by our client. However, our annualized fee rate will never be greater than 1.50% or less than 0.30%. The asset values of multiple accounts are not combined to calculate fee tiers, unless we agree to it in writing.

A client agreement may be terminated at any time upon 10 days prior written notice by either party. We will prorate our fee to the date of termination.

Some existing clients may have different fee schedules that were put in place before we created the above schedule. We may allow these clients to keep their schedules for existing and new (additional) accounts. We may also offer, subject to discussion and client agreement, a flat fee rate to clients.

The percentage fee we charge does not vary based on gains or losses achieved in managed accounts. If we manage an account for only part of a calendar quarter, we prorate our fee based on the number of days we managed the account during the quarter.

We include the value of any mutual funds or other investment companies in client accounts when we calculate the overall account value for the purpose of computing our fee. Therefore, our fees are in addition to any management or other fees charged by mutual funds in which a client's assets may be invested. Although we do not receive commission income, the custodian of each client account may charge (and retains) commissions and other fees for transactions and certain administrative actions. For more information, please see the "Brokerage Practices" section of this brochure.

All fees may be negotiable. For services other than Investment Supervisory Services we may charge \$300/hour or a fixed fee.

## **Performance-Based Fees and Side-by-Side Management**

Performance-based fees are those that are based on a share of capital gains on, or capital appreciation of, client assets. There could be a conflict of interest if an investment adviser manages accounts that have performance fees alongside accounts without performance fees. We do not charge performance fees. Therefore, we do not face this conflict of interest.

## **Types of Clients**

We offer investment advice to:

- individuals (other than high net worth individuals);
- high net worth individuals;
- pension, profit-sharing and other retirement plans;
- trusts;
- estates;
- charitable organizations, endowments and other nonprofit organizations;
- corporations or other businesses not listed above.

Our initial account minimum is \$300,000 for new accounts. This \$300,000 minimum is negotiable, and it does not apply to previously established accounts. Our account minimum for additional accounts for existing clients is \$100,000. Our initial account minimum for the parents or adult children of existing clients is \$100,000.

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

***Method of Analysis.*** Corporate equities (stocks) represent the largest category of assets in which we have invested client assets. Our primary research for equities is based on fundamental and qualitative analysis of important characteristics of companies, such as:

- industry and company growth outlook;
- the strength of a company's competitive position;
- quality and "shareholder-friendliness" of corporate management;
- stock price relative to per-share values of earnings, cash flow, dividends, book value, replacement value, etc.;
- company financial soundness;
- the strength of a company's research and development process;
- corporate profitability;
- a company's sources and uses of cash;
- management and other "insider" holdings, purchases and sales;
- management-labor relations.

***Market-Timing and Charting Analysis.*** We do not attempt to time overall stock market movements, in part because we view short-term market movements as unpredictable. Given unpredictable market movements, we believe that market-timing efforts are more likely to harm than benefit most investors. Importantly, we do not feel it is necessary to time markets in order to successfully pursue client investment objectives. We do not employ "charting" analysis, because we make our investment decisions based on fundamental economic and financial analysis (see above), not on what stock prices have done in the past.

***Economic Analysis.*** We evaluate overall economic conditions, such as economic growth, inflation and employment, to identify how these factors may affect various industries and companies. We also use economic analysis to help understand corporate strategies and the durability of companies' competitive advantages.

***Fixed-Income Analysis.*** When we purchase fixed-income investments, such as bonds, for our clients, we analyze current and potential future interest and inflation rates, the financial soundness of various fixed-income issuers, and the maturities of available fixed-income investments.

**Sources of Information.** We gather information from a wide variety of sources such as:

- corporate filings with the SEC;
- corporate ratings services;
- newspapers, magazines, the internet;
- annual reports, proxy statements, prospectuses;
- research prepared by others;
- corporate press releases.

We use data from these sources as inputs to our own analysis.

**Investment Strategies.** We seek to buy investments when we feel their prices do not adequately reflect their long-term values, based on our analysis of factors such as those in the preceding paragraphs. We sell investments when we feel prices appropriately reflect (or exceed) investment values. We also sell when we can use funds to buy better bargains. We typically purchase investments with the intent to hold them for the long term (at least a year). If circumstances change from those we originally expected, we may sell in less than a year. In unusual circumstances, we may buy investments with the intent to hold them less than a year. Rarely would we plan to engage in “trading,” where we would buy with the intention of selling within 30 days. While we “never say never,” to date we have not engaged in short sales, options or futures transactions. We have used margin (borrowed funds) only at the specific request of clients to address their temporary cash needs.

**Risks.** All investments and all investment strategies contain risks that clients should be willing to bear. For example, overall stock prices can fall, sometimes a lot and sometimes over an extended period of time, due to:

- worsening economic conditions, such as in a recession;
- natural disasters or political events, including wars;
- worsening investor sentiment;
- high initial stock prices in relation to earnings, dividends and other fundamental factors;
- changes in interest rates, inflation, monetary, fiscal, regulatory and trade policies;
- other, sometimes unpredictable, factors, such as a pandemic.

Individual stock prices can fall, sometimes a lot and sometimes permanently, when companies encounter meaningful operational, financing, competitive, management, regulatory or other problems. Fixed-income investment prices can fall, sometimes a lot and sometimes permanently, when issuers experience financial problems or when interest rates rise.

Another risk is that the information we obtain from corporate regulatory filings and company announcements, for example, may prove to be inaccurate. While we remain alert to the possibility that information may not be accurate, our investment analysis can



be compromised by inaccurate or misleading information. Even when our information is accurate, our analysis may prove to be incorrect.

Additional risks include unexpected changes in clients' financial needs or investment objectives that may require us to sell investments during periods of low prices, potentially leading to losses. In addition, at any given time our style of investing may lead to investment underperformance.

### **Disciplinary Information**

The purpose of this section of the brochure is to let you know the material facts regarding legal or disciplinary events that are material to evaluating our advisory business or the integrity of our management. For J. V. Bruni and Company, there are no such reportable events.

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

The purpose of this section of the brochure is to let you know about certain financial industry activities and affiliations listed by the SEC. For J. V. Bruni and Company, there are no such reportable activities or affiliations.

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

*Code of Ethics.* We endeavor at all times to operate in conformity with all applicable laws and to conduct our business in an ethical and professional manner. We believe that our clients can best be served and that we can best take advantage of the business opportunities open to us when our people are educated regarding the legal and regulatory requirements of our business and comply with the law. Our Code of Ethics establishes the standards of business conduct we expect of everyone who operates under our control and supervision. This code is provided to each client who requests paperwork to open a new managed account, and it is available upon request to our clients and prospective clients. It describes:

- our obligation to comply with the Investment Adviser's Act, all applicable securities laws, and all SEC regulations applicable to registered investment advisers such as J. V. Bruni and Company;
- our fiduciary responsibilities;
- our obligation and procedures to protect nonpublic (private) client information;
- the obligation of all employees and officers to regularly report their personal securities holdings and transactions;
- our policies regarding employee personal trading.

*Participation or Interest in Client Transactions.* Because we want our officers, directors, employees and others associated with us to be able to follow the same advice we give our clients, we allow these individuals to buy and sell the same securities that we

buy and sell for our clients. As these situations may represent conflicts of interest, we have established the requirements in the following paragraph for company and employee-related trading.

***Personal Trading.*** Our trading policy for company accounts and employee-related (“personal”) accounts is that company and personal transactions will not be placed ahead of client interests. Trading priority will always be with clients. After our responsibilities to clients have been satisfied, company or personal transactions may be entered, after our company president or chief compliance officer grants approval. In addition, we may not trade in company or personal accounts in such a way that our accounts benefit from transactions we placed for client accounts. We further require that trading in company and personal accounts must be in accordance with all applicable regulations governing registered investment advisers. Any individual who violates these requirements is subject to termination.

## **Brokerage Practices**

We typically recommend a specific broker-dealer to hold client assets and execute the buy and sell orders we generate for client accounts. We recommend broker-dealers based on a comparison of broker-dealers and a combination of “best execution” factors including:

- total cost of transactions;
- commission rates;
- support services, such as the ability to:
  - execute, clear and settle trades;
  - transfer accounts;
  - provide wire transfers, check requests, etc.;
- integrity;
- stability;
- reputation;
- transaction platform and capability;
- administrative accuracy.

To date, we have primarily recommended Charles Schwab & Co., and in some cases TD Ameritrade prior to its merger with Charles Schwab & Co., as broker-dealer. We may recommend others if we find better choices. We are not affiliated with Schwab or any broker-dealer.

We do not receive investment research or other products or services (other than trade execution) from broker-dealers or third parties in return for placing client transactions. We specifically prohibit our employees from engaging in such “soft dollar” arrangements. Further, we do not receive client referrals in exchange for broker-dealer or other third-party recommendations.

In some circumstances we may allow a client to direct transactions to a given broker-dealer. If such “directed transactions” occur, we may be unable to achieve the most favorable trade executions. This may cause those clients to pay more for transactions.

We do not negotiate brokerage commissions. Further, since combining orders among our client accounts, when possible, typically does not result in lower commissions, we generally place separate orders for each client. However, when the volume of our trades on a given day in a given investment is large, we may combine client orders into one large order if we think it will likely result in a better average price than submitting orders separately. When orders are combined, we do not favor any client account over another. Each account in a combined (“aggregated”) order receives the overall average price.

If an aggregated order is only partially completed during a given day, we will allocate shares to client accounts either on a prorated basis or, if prorating isn’t practical, on a basis that does not systematically favor or disfavor any client. For example, we might use alphabetical, reverse-alphabetical, lot-matching, or random allocation.

### **Review of Accounts**

All investments within client accounts are monitored on a continuous basis. In order to make sure that we manage each client portfolio with a consistent application of our investment approach and that we adhere to client objectives and restrictions, our portfolio manager reviews each portfolio:

- whenever a client makes a deposit to or withdrawal from an account;
- when we make purchases and sales, as appropriate;
- when economic, political or other events indicate;
- at least quarterly.

We provide written quarterly reports to all Investment Supervisory Service accounts. Each report contains a summary of an account’s investment performance from the beginning of our work through the end of the most recent calendar quarter. We also send clients a monthly written discussion of economic and investment topics.

### **Client Referrals and Other Compensation**

You deserve to know whether we pay others to recommend us to potential clients. We do not compensate, directly or indirectly, any person who is not our supervised person for client referrals. Further, we do not receive an economic benefit from any non-client person or organization for providing investment advice or other advisory services to its clients.

### **Custody**

By virtue of our ability to deduct our fees from client accounts, government regulations deem us to have custody of these accounts. However, a separate, qualified custodian maintains actual custody of client assets. Broker-dealer, bank or other qualified

custodians send monthly account statements directly to our clients. Clients should carefully review these statements, including carefully reviewing the accuracy of our fee calculations, since the custodian does not calculate or monitor our management fees. Clients should contact us immediately if they believe there is any error in their statement.

### **Investment Discretion**

We accept discretionary authority to manage client accounts (see “Advisory Business”). For discretionary accounts, we require that clients sign a written limited power of attorney to allow us to determine which securities are bought or sold and the amounts thereof. Clients may limit our discretionary authority by specifying investments, companies or industries for us to avoid; cash to maintain; actions designed to include or exclude realized gains/losses for tax purposes; or other limitations.

### **Voting Client Securities**

We allow our clients to choose whether they want us to vote their proxies, except for certain (“ERISA”) retirement accounts that require investment managers to vote company proxies. For ERISA accounts, we will vote proxies unless the retirement plan documents specifically reserve voting authority to the plan’s trustees or named fiduciary. If clients vote their own proxies, they will receive them directly from their account custodian or a transfer agent. If we vote proxies, clients can choose to receive “information only” copies. Our policy for voting proxies is simple: All our votes will be made in the best interests of our clients. Our voting decisions are based on our research, analysis and best judgment, as described in our proxy voting policy. Consistent with our obligation to vote solely in our clients’ best interests, we may submit proxy votes that differ from the recommendations of company managements. Our company president reviews and approves all proxies that we submit.

To the best of our knowledge there have been no conflicts of interest between our clients and us regarding proxy voting, and we do not expect any future conflicts. If a conflict of interest should develop, we will either vote proxies solely in the best interests of clients or abstain from voting. If we do cast a vote, we will disclose our vote(s) to our clients in writing and point out that a conflict may exist. Clients should contact us by the time votes need to be cast if they wish us to vote in a certain way in a particular case.

Clients can contact us to receive information on how we have voted their proxies. They may also request a copy of our proxy voting policies and procedures. Clients may also contact us with questions about a particular proxy solicitation.

We do not advise or act on behalf of clients in legal proceedings involving companies whose securities are held in client accounts. This includes “Proof of Claim” forms in class action cases or proceedings.

### **Financial Information**

It is our responsibility to disclose whether our financial condition is reasonably likely to impair our ability to meet our contractual commitments to our clients. J. V. Bruni and Company has always operated in a sound financial condition, and no financial condition exists that would be reasonably likely to impair our ability to meet our commitments.