



**Jeff Sprowles and Associates LLC**

945 Langhorne-Yardley Road

Langhorne, PA 19047

215 310-9693

[www.sprowles.com](http://www.sprowles.com)

**Form ADV Part 2 Brochure**

**December 31, 2018**

This brochure provides information about the qualifications and business practices of Jeff Sprowles and Associates, LLC. Please direct questions about the contents of this brochure to 215 310-9693. A copy may be found on our website [www.sprowles.com](http://www.sprowles.com). A copy will be furnished free of charge upon request.

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.

Jeff Sprowles and Associates, 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 you can use to determine whether to hire or retain that advisor.

Additional information about Jeff Sprowles and Associates, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 –Material Changes

Effective December 31, 2018 Brett M. Shaver is a part time employee. There have not been any other material changes to JSAAL’s advisory business or personnel since the filing of its ADV Part 2 Brochure on September 30, 2018.

## Item 3 -Table of Contents

Item 4 – Advisory Business.....	1
Item 5 – Advisory Fee Schedule .....	2
Item 6 – Performance-Based Fees and Side-By-Side.....	2
Item 7 – Types of Clients .....	2
Item 8 – Methods of Analysis, Investment Strategies, and Risk of Loss .....	2
Item 9 – Disciplinary .....	3
Item 10 – Other Financial Industry Activities and Affiliations .....	3
Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading .....	3
Item 12 – Brokerage Practices.....	4
Item 13 – Review of Accounts .....	4
Item 14 – Client Referrals and Other Compensation .....	4
Item 15 – Custody .....	4
Item 16 – Investment Discretion .....	4
Item 17 – Voting Client Securities .....	5
Item 18 – Financial Information.....	5
Item 19 – Requirements of State-Registered Advisers.....	5
Item 20 – Professional Credentials.....	5

## Item 4 – Advisory Business

Jeff Sprowles and Associates, LLC (JSAAL), is owned by Jeffrey A. Sprowles and has been providing advisory services since September 2006.

Services provided include financial planning, investment management and investment advisory services.

**As of December 31, 2018, JSAAL managed \$29,238,000 on a discretionary basis and \$4,483,000 on a nondiscretionary basis.**

## Item 5 – Advisory Fee Schedule

Client Assets	Annual Fee (%) for all assets
On the first \$ 500,000	1.00 %
On the next \$ 500,000	0.75 %
On the next \$1,000,000	0.65 %
On the next \$1,000,000	0.55 %
On the next \$1,000,000	0.45 %
On the next \$1,000,000	0.35 %
On all amounts in excess of \$5,000,000	0.25%

All fees are subject to negotiation.

Fees are charged in advance based on the market value of client assets at the beginning of each quarter. There is a minimum fee of \$250 per quarter. Fees may be charged to client brokerage accounts or paid by check. An invoice is sent to clients for all fees.

Upon termination of any account, any unearned fees will be promptly refunded. The refund will be calculated *pro rata* based on the days in the quarter until termination. The client has the right to terminate an agreement without penalty at any time.

Prospective clients will receive a copy of this brochure as well as JSAAL Privacy Policy not less than 48 hours before entering into any agreement with JSAAL.

Brokerage commissions, transaction fees, and other related costs and expenses shall be incurred by the client. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. JSAAL does not purchase mutual fees with front end or back end loads.

No employee of JSAAL receives commissions or fees from any entity other than clients.

JSAAL also performs financial planning and investment services for clients who do not have assets under management. Compensation for these services consists either of a fixed fee or an hourly fee of \$195.

## Item 6 – Performance-Based Fees and Side-By-Side

JSAAL does not charge any performance-based fees based on a share of capital gains or capital appreciation of the assets of a client.

## Item 7 – Types of Clients

JSAAL provides services to individuals, including those defined as high net worth individuals. Client relationships with managed assets lower than \$100,000 are charged a minimum fee.

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

For most clients, JSAAL constructs a financial model to ascertain how much money clients will need to meet their financial objectives and when they will need it. Using this information each portfolio is

assigned a target asset allocation and an appropriate benchmark of standard financial indices which will be a blend of: Standard & Poor's 500 Stock Index for stocks; BarCap Intermediate Government Bond Index and BarCap 3 to 5 Year Municipal Bond Index for bonds; and 90 day U.S. Treasury Bills for cash.

JSAAL assesses client tolerance of potential losses and the risk and reward characteristics of investments required to meet their goals using financial models and statistical techniques such as Monte Carlo simulation and a Black Swan test.

Analysis of investment opportunities is made using data from widely available sources, including professional journals, the Wall Street Journal, Bloomberg, the CIA World Fact Book and current and historical data bases, including those of Robert Shiller, Ibbotson Associates, Morningstar Office, and Charles Schwab & Co., Inc.

Most investments in equities are made using exchange traded funds (ETFs) issued by iShares, Charles Schwab & Co. or Vanguard. Other investments in individual equities or mutual funds include securities received from clients and held for investment or tax reasons and securities purchased at a client's request. Mutual funds are occasionally purchased because they provide active management in areas such as China and India where JSAAL believes active management will generate better returns than exchange traded funds that passively track an index. Most fixed income investments are individual municipal bonds, U.S. government bonds or insured certificates of deposit issued by FDIC-insured banks.

Cash is invested in institutional money market funds and U.S. Treasury bills.

#### **Item 9 – Disciplinary**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of JSAAL or the integrity of JSAAL management. JSAAL has no actions or events applicable to this item.

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

No associates at JSAAL have any affiliation with other advisors. As part of a pre-existing business relationship, Eric J. Bruskin, currently on sabbatical, performs specialized consulting services for a financial institution which is not affiliated with broker dealers or any entity involved with the sale of securities to individual investors.

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

JSAAL has adopted a code of ethics for everybody associated with the firm describing its standard of business conduct and fiduciary duty to its clients. The code of ethics covers confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts, and personal securities trading procedures, among other things. All supervised persons at JSAAL must acknowledge the terms of the code of ethics.

JSAAL employee accounts may trade in the same securities with client accounts on an aggregated basis. In such circumstances, the employee and client accounts will share commission costs equally in proportion to the amounts purchased, and will receive securities at a total average price.

JSAAL clients or prospective clients may request a copy of the firm's code of ethics by contacting Jeff Sprowles.

### **Item 12 – Brokerage Practices**

JSAAL has no soft dollar arrangements with any brokerage firm and no obligation to place trades with any particular broker. JSAAL has access to research provided by Schwab on its institutional web site for which JSAAL does not pay any fee and for which in return for such access JSAAL has no obligation to place trades with Schwab. As part of its relationship with Schwab, JSAAL subscribes to a special discounted edition of a Morningstar research tool. Managed client assets are in brokerage accounts at Charles Schwab and Co., Inc. over which JSAAL has a limited power of attorney. Commissions on trades and prices for bonds are checked periodically to make sure that clients are receiving services at a reasonable price.

The Schwab platform provides tools to aggregate trades. When it is decided to buy or sell a security for multiple accounts at the same time a trade is made for the total number of shares and then allocated *pro rata* provided that the volume of the trade is unlikely to move the market.

### **Item 13 – Review of Accounts**

Client portfolios are reviewed no less frequently than quarterly by Jeff Sprowles, principal.

Financial plans are reviewed at least every other year with most clients receiving an annual update.

Clients receive a performance measurement report quarterly from JSAAL comparing total return of the overall relationship as well as for each individual account since inception, for the calendar year to date, and for the most recent quarter to an agreed upon benchmark consisting of one or more standard indices. (See Item 8.)

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

JSAAL has no agreement with any client or other party to compensate them or to be compensated for referrals.

### **Item 15 – Custody**

JSAAL does not maintain physical custody of client assets. Clients receive monthly statements from the Charles Schwab and Co., Inc. which holds and maintains client assets. Clients receive a quarterly statement of assets and performance measurement report from JSAAL. Balances on JSAAL quarterly performance statements may vary from custodial statements by the amount of accrued interest which is reported on our system but not reported on brokerage statements.

JSAAL is deemed to have custody of client funds because it has the ability to authorize Charles Schwab and Co., Inc. to debit client accounts its Advisory Fee with specific client authorization and for which written invoices are provided but otherwise JSAAL has no ability to access client funds.

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

Clients grant discretionary trading authority in the client agreement with JSAAL and grant a limited power of attorney to trade in the brokerage agreement with Charles Schwab and Co., Inc. Clients receive trade confirmations directly from brokers and mutual funds. The degree to which clients are

consulted prior to trades varies according to client preferences regarding their involvement in the day to day management of their investments.

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

All clients have authorized JSAAL to vote proxies and receive corporate information in the brokerage agreement with Schwab. Upon request clients will receive all corporate information, including proxies, directly from the custodian.

Proxies are voted with management with these exceptions:

1. JSAAL will vote against any poison pill or other effort with potential to limit the value of shares.
2. JSAAL will vote against any expansion of executive benefits such as stock options that appears to be excessive.
3. JSAAL will vote against election of any director who has served on a compensation committee of a company in which any officer received total compensation in excess of \$5,000,000 in the previous year.
4. In the event of a high profile proxy fight concerning control of the company or any other significant issue JSAAL will discuss voting of the proxy with the client owning the security or if asked by the client will request Schwab to forward the proxy and materials directly to the client for voting.

Clients may receive a notification of how JSAAL has voted any proxy on request. A log of all proxy votes is maintained.

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

JSAAL is registered in Pennsylvania which requires a minimum capitalization of \$10,000. A balance sheet certified to be accurate by Peter H. Augenblick Associates is submitted annually to the PA Department of Banking and Securities.

### **Item 19 – Requirements of State-Registered Advisers**

Jeff Sprowles and Associates, LLC is registered with Investment Adviser Registration Depository (IARD) CRD#141460 and Jeffrey A. Sprowles passed The Uniform Adviser Law Examination (Series 65) within two years prior to applying for registration.

### **Item 20 – Professional Credentials**

Investment and financial planning advice is provided by Jeffrey A. Sprowles,

#### ***Jeffrey A. Sprowles***

Jeff Sprowles is principal and sole owner of JSAAL. Born in 1947, Jeff received his undergraduate degree from Princeton University in 1969. He is a graduate of The National Graduate Trust School and The College for Financial Planning. He has taken graduate courses at Rider University and Temple University. He is a Certified Financial Planner®.

Since July 2006 Jeff has been principal of Jeff Sprowles and Associates, LLC. From March 2004 through September 2006 he was Senior Vice President of the Financial Services Division of First Federal of Bucks County, Bristol, Pa. Prior to 2004 Jeff spent 31 years in commercial bank trust divisions including those of CoreStates and Mellon; private trust companies such as Glenmede Trust

Company of New Jersey and Hershey Trust Company; and as president of Mercadien Asset Management Company.

There is an agreement between JSAAL and Princeton Global Asset Management of Princeton, NJ to manage client portfolios in the event of the death or disability of Jeff Sprowles. As part of that agreement Brett Shaver, CFA is an employee of JSAAL.

***Brett Shaver***

Brett Shaver is President of Princeton Global Asset Management. Before joining PGAM in 2016 he was a Senior Research Analyst for BlackRock. He received his undergraduate degree in Management with a minor in Economics from Bucknell University in 2002. Brett is a CFA<sup>®</sup> Charterholder and is a member of the New York Society of Security Analysts.