

# **The de Burlo Group, Inc.**

**50 Federal Street, 8<sup>th</sup> Floor  
Boston, MA 02110**

## **Form ADV Part 2A FIRM BROCHURE**

**March 29, 2024**

**This Brochure includes information regarding the qualifications and business practices of The de Burlo Group. The information contained herein has not been approved or verified by the US Securities and Exchange Commission (SEC) or by any state securities authority.**

**Additional information about The de Burlo Group, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). If you have any questions about the contents of this Brochure, please contact us at 617-482-0275.**

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## **ITEM 2 MATERIAL CHANGES**

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We respectfully report that Dr. C. Russell de Burlo, Jr., founder of The de Burlo Group, Inc., passed away on February 24, 2024, at the age of ninety-nine. However, there are no material changes with respect to the Firm's continuity of leadership, since Mr. Michael E. Shade has served in the capacity of President of the Firm since 2020, and continues to serve in that capacity.

## ITEM 3 ADVISORY BUSINESS

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The de Burlo Group, Inc. (the "Firm") is an investment management company investing assets for organizations and individuals. Each client's account is separately invested. The de Burlo Group, Inc. is majority owned by the family of C. Russell de Burlo, Jr., and Michael E. Shade, President of the Firm. The de Burlo Group, Inc. operates out of an office in Boston's financial district. The Firm began as a single proprietorship and converted to an S Corporation in 1987. In 2004, the Firm was acquired by Ipswich Capital Investment Corp., a wholly owned subsidiary of First National Bank of Ipswich in Ipswich, Massachusetts. In March 2010, the Firm was repurchased by C. Russell de Burlo, Jr.

We provide personalized investment management on a discretionary basis to a broad range of individual and institutional clients with the objective of meeting clients' long term goals. We have extensive experience managing assets for non-profit organizations, Commonwealth of Massachusetts' municipal pension funds, and portfolios for individuals. The Firm may provide investment management services through a consultancy arrangement. Many individual and non-profit clients have selected us to manage socially responsible portfolios.

The types of securities in which we invest our clients' assets include equities, bonds, and cash equivalents. Occasionally, we will use an ETF (exchange traded fund) to provide diversification in a specific market such as emerging economies. From time to time, we may also invest clients' assets in warrants, preferred stocks, certificates of deposit, options, limited partnerships, and mutual funds. Occasions for doing this may arise at either the request of the client or at the discretion of The de Burlo Group, Inc. in instances where we recognize an opportunity that we believe fits the needs of a particular client or clients.

The Firm tailors its advisory services to the individual needs of clients, which are based on in-depth discussions with clients to understand their objectives, finances, cash flow needs, risk comfort levels and tax status. We construct individual portfolios designed to meet each client's criteria. The de Burlo Group, Inc. complies with client imposed restrictions on investments in certain securities or types of securities such as tobacco, fossil fuel, gambling, alcohol defense products, or other security types.

The Firm does not participate in wrap fee programs.

The Firm's total assets under management as of December 31, 2023, were \$942,593,000.

## ITEM 4 FEES AND COMPENSATION

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A. The Firm's fees are generally based on the market value of assets under management as shown on the table below; however fees are negotiable.

<b>MARKET VALUE OF ASSETS</b>	<b>ANNUAL FEE</b>
Up to \$1 million in assets	1.00%
Increments over \$1 million up to \$2 million	0.85%
Increments over \$2 million	0.75%
Non-profit organizations	Negotiable
Municipal retirement systems	Negotiable

Occasionally, the Firm provides investment advisory services based on an hourly rate or at a negotiable one-time fee for a specific project or task rather than for on-going services.

Clients may choose to be billed for their management fees or to have management fees deducted from their portfolios. In order to have fees deducted, the client must authorize his or her custodian to deduct fees, and The de Burlo Group, Inc. sends the client a copy of the bill presented to the custodian. All fees are billed in arrears. Generally, our largest clients are billed monthly at a rate of one-twelfth of the annual rate. The remaining clients are billed quarterly at one quarter of the annual rate. No fees are paid in advance.

In addition to our advisory fees, clients using a bank custodian pay custody fees to the custodian by having them deducted from the portfolio. Clients using a broker as custodian pay an annual administrative fee to the broker. Clients also pay brokerage and transaction costs (commissions to the broker executing a transaction and SEC transaction fees where applicable). Mutual funds and exchange traded funds (ETFs) charge expenses in addition to our management fees. Please refer to item 11 below for more information about our brokerage practices.

## **ITEM 5 PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

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Not applicable.

## **ITEM 6 TYPES OF CLIENTS**

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The de Burlo Group, Inc. currently provides investment advice to Massachusetts municipal pension funds, endowments, trusts and other non-profit organizations, corporate pension funds, individuals, revocable trusts and IRAs. To open and maintain an account, we require a minimum size of \$300,000 of investable assets. Under certain conditions, The de Burlo Group, Inc. may agree to manage smaller accounts or may choose not to accept an account if the Firm believes that it cannot fulfill the client's needs or expectations.

## **ITEM 7 METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

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The Firm uses a variety of methods of analysis and investment strategies. We incorporate into our investment decision making economic and demographic trends, the political environment, interest rate trends, comparative valuation of different classes of securities, fundamental analysis of individual companies, valuation of individual securities and technical analysis. Within this framework and the needs of the individual client, we select the asset allocation we believe to be most appropriate for the client. The portfolio may be all fixed income, all equity or balanced.

Our fixed income strategies involve a) managing portfolio duration based upon anticipated changes in interest rates; b) weighting certain asset classes more heavily than others based upon relative valuation; c) purchasing securities that are candidates for rating upgrades; and d) buying securities that we believe are "mis-priced" for a variety of reasons. Almost all of the securities we hold for clients are investment grade.

Our equity strategies are focused on purchasing high quality companies based upon a) fundamental analysis including companies' balance sheets, management, market dominance, and pricing flexibility; b) valuation, based upon our proprietary valuation system which includes relative price/earnings ratios, or sum-of-the parts, or occasionally opportunities that result in the company being undervalued, for example where a merger is likely; and c) technical analysis to assess the likely movement of the stock's price.

Investing in securities involves the risk of losses to our clients. We try to mitigate risks by selecting appropriate asset allocation, buying good quality, attractively priced assets, diversifying and monitoring our clients' portfolios.

There are material risks involved with all investment strategies. World events, including pandemics, wars, and natural disasters, affect the prices of securities. A change in market conditions such as a rise in interest rates or decline in equity markets may cause our clients to lose money because of our asset allocation.

Within fixed income, clients may lose money because a) we have incorrectly forecast a change in interest rates; b) we have incorrectly assessed the relative value of different types of fixed income classes; c) a security we have purchased has been downgraded, or the issuer has defaulted or encountered unforeseen problems or d) an event we were expecting, such as a bond being called, failed to happen.

Within equities, clients may lose money because of external events that devalue an asset such as legislation or technological advances by competitors or sudden change in health of top management. A company may fail to meet expectations of product development, revenue growth or margin expansion resulting in shareholders selling stock and a consequent drop in the stock price. Clients may also experience a loss if a) our valuation system leads us to conclude that a stock is undervalued and subsequently the stock price declines, or b) technical analysis results in our purchasing a stock at its peak price, or c) the weighting of a particular stock or sector in a portfolio is significant and the stock or sector declines precipitously.

C. Our clients' portfolios consist primarily of cash and cash equivalents, stocks including preferred stocks, and/or bonds. Both stocks and bonds are subject to a) liquidity risk, i.e., that there is no buyer when we want to sell, b) risks specific to the issuer of the security (i.e., credit risk), and c) overall market risk.



## **ITEM 8 DISCIPLINARY INFORMATION**

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There are no legal or disciplinary events, material or immaterial, pending or historically against the Firm or any of its personnel.

## **ITEM 9 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

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- A. Not applicable.
- B. Not applicable.
- C. Not applicable.
- D. Not applicable.

## **ITEM 10 CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

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The de Burlo Group, Inc. has a Code of Ethics which addresses issues of insider trading, personal trading, access to material non-public information, political contributions, giving and receiving gifts, other financial arrangements, and confidentiality.

The de Burlo Group, Inc. expects all of its employees to maintain the highest level of ethical conduct. The Firm recognizes that it owes its existence to the trust that individuals and organizations have placed in it, and that it must merit that trust at all times. The de Burlo Group, Inc. and its staff have a fiduciary duty to put clients ahead of their personal transactions. Adherence to the Code of Ethics is critical both in relation to our fiduciary duty and for other ethical and legal reasons with respect to the federal securities laws and any applicable state laws.

The Code of Ethics is primarily based upon the following guiding principles.

- *Our primary obligation is to benefit our clients and prospective clients above ourselves.*
- *Our clients can rely upon us to keep their financial and personal information private.*
- *We have the same fiduciary duty to every one of our clients; no client should be favored over another.*
- *Our Code of Ethics requires us to avoid any actual or potential conflicts of interest that could result in personal gains at a cost to our clients, or the placing of personal interest above those of our clients.*
- *We conduct our business with fairness and integrity in all our relationships and select and assess our vendors and brokers based on independent analysis and the best interests of our clients.*
- *We make our investment decisions independently without being influenced by any factors other than what will best serve our clients.*

A copy of the Firm's Code of Ethics is available to all clients or prospective clients upon request.

Although employees may invest in the same securities as the Firm recommends to clients, through our Personal Security Trading Program, we monitor potential conflicts of interest. Specifically, pre-clearance must be obtained for all covered securities via personal trading requests directed to the Chief Compliance Officer, who coordinates a pre-clearance analysis with the President. All staff are required to report covered personal securities transactions to the Chief Compliance Officer within 30 days of each quarter end, and to submit Annual Holdings Reports and Accounts within 45 days of the calendar year end. New employees are required to submit holdings reports within ten (10) days of their hire date. The Chief Compliance Officer monitors the staff's transactions to ensure compliance with the Firm's policies and procedures in connection with Rule 204A-1 under the Investment Advisers Act of 1940, as amended.

## **ITEM 11 BROKERAGE PRACTICES**

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The factors that we principally consider in selecting or recommending broker-dealers for client transactions are a) access to markets, b) commission rates, c) execution skill, d) ability to settle transactions efficiently, d) financial strength, and e) research and other permissible services. We believe the commission rates we pay are competitive with those charged by other brokers offering similar services and have negotiated set commission rates with the broker-dealers we use. We do not have any arrangements in which we have guaranteed a broker a predetermined amount of commissions.

In addition to executing transactions for our clients, certain brokers that we use provide us with investment research (both proprietary and third party) or access to real time trading information. Commission rates we pay to brokers providing research are marginally higher than those paid to the broker providing real time trading information and the broker compensated for third party research. We are compliant with rule 28(e) of the Securities Exchange Act of 1934. We receive no products that do not qualify for "safe harbor." The research we receive helps us select investments that benefit all of our clients. The access to real time trading information benefits all of our clients who hold equities.

The de Burlo Group, Inc. benefits from these arrangements because we would otherwise be paying outright for these services that are subsidized by commissions our clients pay. Conflicts can arise if we select higher commission brokers in order to compensate them for their additional services instead of choosing the broker with the lowest commission rate. However, since commissions paid affect the total returns earned by portfolios managed by The de Burlo Group, Inc., there is also an incentive to keep commissions as low as possible in order to produce the best returns for our clients.

Clients whose assets are custodied at Charles Schwab may use only Charles Schwab to execute transactions, and pay lower or no custody and commission fees than clients using bank custodians.

Our policy aims to aggregate transactions where practicable (i.e., including multiple clients in a single transaction) as we seek to prevent one client from being disadvantaged by the management of another.

## **ITEM 12 REVIEW OF ACCOUNTS**

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Every account is routinely reviewed for cash availability by a staff member and a portfolio manager. Every account is reconciled with its custodial statement monthly by a staff member. At least once per quarter, every account is reviewed by a portfolio manager for asset allocation, conformity to investment objectives, and the needs and objectives of the client, income generation where appropriate, and for the selection of individual securities. Portfolio managers conduct these reviews.

In addition to the periodic reviews, a change in our view of a particular security, industry, sector or market may trigger a review of all accounts with exposure to the relevant securities. These reviews are conducted either by a portfolio manager or by a staff member under the supervision of a portfolio manager. While a staff member may make recommendations within guidelines set forth by the portfolio manager, the ultimate purchase and sale decisions are made by the portfolio managers.

Generally, clients receive a written or oral review of their accounts prepared by a portfolio manager at least once each quarter unless the client requests a different schedule. The review includes portfolio appraisal(s), transactions, and rates of return calculated before the deduction of management fees. Generally, all portfolio managers meet with the boards of municipal retirement system clients at regularly scheduled meetings, and with the boards of other non-profit organizations at those boards' discretion. In addition, the portfolio managers communicate with clients by telephone and meet with clients in person from time to time.

## **ITEM 13 CLIENT REFERRALS AND OTHER COMPENSATION**

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The Firm neither pays not receives compensation in relation to client referrals.

## **ITEM 14 CUSTODY**

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The de Burlo Group, Inc. is deemed to have custody of one of its account's assets due to an instance whereby a Firm portfolio manager has served as a Trustee for such account. All clients of The de Burlo Group, Inc. receive statements at least quarterly from their qualified custodians (i.e., banks and broker-dealers who are responsible for actually holding the client's assets). In addition, The de Burlo Group, Inc. sends clients statements (unless directed not to by the client) that have a legend on the cover directing clients to compare Firm statements with those of their qualified custodian. All clients are encouraged to review their statements carefully.

## **ITEM 15 INVESTMENT DISCRETION**

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The de Burlo Group, Inc. has discretionary authority to manage securities accounts on behalf of all of its clients. Our discretion to purchase or sell securities is limited by a) specific restrictions the client has delineated in his or her Engagement Letter or has communicated to The de Burlo Group, Inc. in some other way and by b) the appropriateness of specific securities in terms of market capitalization, liquidity, overall diversification, risk, and investment objectives. Many of our clients have specified that we purchase for their accounts only securities that meet their criteria for social responsibility. In order to obtain this authority, the client's custodian requires the client to sign a Trading Authorization or a limited Power of Attorney.



## **ITEM 16 VOTING CLIENT SECURITIES**

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The de Burlo Group, Inc. has authority to vote client securities for certain accounts. The Firm's governing policy of proxy voting is to encourage the viability and profitability of the companies in which they have invested client funds while also encouraging ethical corporate behavior, fair treatment of employees and respect for the community and the environment. A company's proxy usually requests shareholder votes on several issues: the election of the members of the Board of Directors, appointment of independent auditors, compensation plans, employee stock ownership programs and proposals by shareholders, among other items. Occasionally, the Firm is asked to vote on mergers. The de Burlo Group, Inc. has not encountered any instances where there would be a conflict of interest between the Firm and its clients with regard to proxy votes. For accounts for which the Firm does not have authority to vote client securities, those clients receive their proxies directly from their custodian, and may consult the Firm with questions about a particular solicitation or proxy item.

## **ITEM 17 FINANCIAL INFORMATION**

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- A. Not applicable.
- B. The Firm has discretionary authority for its clients' accounts, and custody of one client's funds. We do not perceive any financial situation that is reasonably likely to impair the Firm's ability to meet our contractual obligations to clients.
- C. Not applicable.