

**Item 1: Cover Page  
Part 2A of Form ADV: Firm Brochure  
January 2025**

# Stubbs Investments

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Erie, Colorado 80516  
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Jesse R. Stubbs  
Chief Compliance Officer**

This brochure provides information about the qualifications and business practices of Stubbs Investments, LLC. If clients have any questions about the contents of this brochure, please contact us at (303) 999-9664 or [info@stubbsinvest.com](mailto:info@stubbsinvest.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any State Securities Authority. Additional information about our firm is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching CRD #300781.

Please note that the use of the term "registered investment adviser" and description of our firm and/or our associates as "registered" does not imply a certain level of skill or training. Clients are

encouraged to review this Brochure and Brochure Supplements for our firm's associates who advise clients for more information on the qualifications of our firm and our employees.

## **Item 2: Material Changes**

Stubbs Investments, LLC is required to make clients aware of information that has changed since the last annual update to the Firm Brochure ("Brochure") and that may be of importance to them. Clients can then determine whether to review the brochure in its entirety or to contact us with questions about the changes.

Since our last ADV filing submitted on 01/16/2024, our firm does not have any material changes to disclose.

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## Item 4: Advisory Business

Our firm provides individuals and other types of clients with a wide array of investment advisory services. Our firm is a Limited Liability Company ("LLC") formed under the laws of the State of Colorado in 2019 and has been in business since that time. Jesse R. Stubbs (Managing Member, Chief Compliance Officer) is the sole owner of our firm.

The purpose of this Brochure is to disclose the conflicts of interest associated with the investment transactions, compensation, and any other matters related to investment decisions made by our firm or its representatives. As a fiduciary, it is our duty to always act in the client's best interest, owing to them our undivided loyalty, utmost good faith, and fair and honest disclosure. This is accomplished in part by knowing our client. Our firm has established a service-oriented advisory practice with open lines of communication for many different types of clients to help meet their financial goals while remaining sensitive to risk tolerance and time horizons. Working with clients to understand their investment objectives while educating them about our process, facilitates the kind of working relationship we value.

### **Types of Advisory Services Offered**

#### **Asset Management:**

As part of our discretionary Asset Management service, a portfolio is created, consisting of individual stocks, bonds, exchange traded funds ("ETFs"), options, mutual funds and other public securities or investments. The client's individual investment strategy is tailored to their specific needs and may include some or all of the previously mentioned securities. Portfolios will be designed to meet a particular investment goal, determined to be suitable to the client's circumstances. Once the appropriate portfolio has been determined, portfolios are continuously and regularly monitored, and if necessary, rebalanced based upon the client's individual needs, stated goals and objectives.

#### **Financial Planning & Consulting:**

Our firm provides a variety of standalone financial planning and consulting services to clients, pursuant to a written financial planning or consulting agreement. Financial planning services will typically involve preparing a financial plan or rendering a financial consultation for clients based on the client's financial situation, goals, and objectives. This planning or consulting may encompass Investment Planning and/or Analysis, Retirement Planning, Estate Planning, Charitable Planning, Education Planning, Corporate and Personal Tax Planning, Employee Benefit Analysis, Equity Compensation (stock option) Analysis, Corporate Structure, Real Estate Analysis, Mortgage/Debt Analysis, Insurance Analysis, Lines of Credit Evaluation, or Business and Personal Financial Planning.

Written financial plans or financial consultations rendered to clients usually include general recommendations for a course of activity or specific actions to be taken by the clients. Implementation of the recommendations will be at the discretion of the client and, if client does decide to act, client always has the right to act through the professional of their choice. Our firm provides clients with a summary of their financial situation, and observations for financial planning engagements. Financial consultations are not typically accompanied by a written summary of observations and recommendations, as the process is less formal than the planning service. Assuming

that all the information and documents requested from the client are provided promptly, plans or consultations are typically completed within six (6) months of the client signing a contract with our firm.

By offering both Asset Management and Financial Planning & Consulting Services, a conflict of interest exists as our firm has an incentive to recommend that clients engage us for the other service. In order to mitigate this conflict, our firm, as a fiduciary, only recommends the other service when it is in the client's best interest to do so.

### **Tailoring of Advisory Services**

Our firm offers individualized investment advice to our Asset Management clients. General investment advice will be offered to our Financial Planning & Consulting clients.

Each Asset Management client may place reasonable restrictions on the types of investments to be held in the portfolio. Restrictions on investments in certain securities or types of securities may not be possible due to the level of difficulty this would entail in managing the account.

### **Participation in Wrap Fee Programs**

Our firm does not offer or sponsor a wrap fee program.

### **Regulatory Assets Under Management**

Our firm manages \$43,181,693.00 on a discretionary basis and \$0 on a non-discretionary basis as of January 8, 2024.

## **Item 5: Fees & Compensation**

### **Compensation for Our Advisory Services**

#### **Asset Management:**

The maximum annual fee charged for this service will not exceed 1.50%. Fees to be assessed will be outlined in the advisory agreement to be signed by the client. Annualized fees are billed on a pro-rata basis quarterly in advance based on the value of the account(s) on the last day of the previous quarter (including any accrued income). Unless otherwise noted in writing, our firm bills on cash. Fees are negotiable and will be deducted from client account(s). In rare cases, our firm will agree to directly invoice. As part of this process, clients understand the following:

- a) Clients must provide our firm with written authorization permitting direct payment of advisory fees from their account(s) maintained by a custodian who is independent of our firm
- b) Our firm sends quarterly invoices to the client showing the fee amount, the value of the assets upon which the fee is based, and the specific manner in which the fee is calculated
- c) Our firm encourages clients to review the accuracy of the fee calculation, and reminds clients that the custodian does not determine the accuracy of the fee calculation; and
- d) The account custodian sends a statement to the client, at least quarterly, showing all account disbursements, including advisory fees.

Clients will incur transaction fees for trades executed by their chosen custodian, via individual transaction charges. These transaction fees, including commissions, are separate from our firm's advisory fees and will be disclosed by the chosen custodian.

Charles Schwab & Co., Inc. ("Schwab") does not charge transaction fees for U.S. listed equities and exchange traded funds ("ETFs").

Clients may also pay holdings charges imposed by the chosen custodian for certain investments, charges imposed directly by a mutual fund, index fund, or exchange traded fund, which shall be disclosed in the fund's prospectus (e.g., fund management fees, distribution fees, surrender charges, IRA and qualified retirement plan fees, mark-ups and mark-downs, spreads paid to market makers, fees for trades executed away from the custodian, wire transfer fees, and other fees and taxes on brokerage accounts and securities transaction). Our firm does not receive a portion of these fees.

Either party may terminate the advisory agreement signed with our firm for Asset Management service in writing at any time. Upon notice of termination our firm will process a pro-rata refund of the unearned portion of the advisory fees charged in advance.

Please note that our firm and representatives do not sell securities for a commission.

### **Financial Planning & Consulting:**

Our firm charges for financial planning and consulting services on a flat fee basis. The total estimated fee, as well as the ultimate fee charged, is based on the scope and complexity of our engagement with the client. Flat fees range from \$100 to \$2,500. The payment options are as follows: (1) An initial deposit of 50% of the ultimate financial planning or consulting fee at the time of signing with the remainder of the fee being directly billed to the client and due within 30 days of a financial plan being delivered or consultation rendered; (2) Payment in full due upon execution of the Agreement; or (3) Payment in full due upon rendering of Planning or Consulting Service. Our firm will not require a deposit exceeding \$500 when services cannot be rendered within six (6) months.

Financial Planning & Consulting clients may terminate their agreement at any time before the delivery of a financial plan by providing written notice. For purposes of calculating refunds, all work performed by us up to the point of termination shall be calculated at the hourly fee currently in effect. Clients will receive a pro-rata refund of unearned fees based on the time and effort expended by our firm.

## **Item 6: Performance-Based Fees & Side-By-Side Management**

Our firm does not charge performance-based fees or participate in side-by-side management.

## **Item 7: Types of Clients & Account Requirements**

Our firm generally has the following types of clients:

- Individuals and High Net Worth Individuals
- Families, Trusts, and Estates
- Corporations, Limited Liability Companies and/or Other Business Types

Our requirements for opening and maintaining accounts or otherwise engaging us:

- Our firm requires a minimum account balance of \$100,000 for our Asset Management service. Generally, this minimum account balance requirement is not negotiable; however, exceptions will be granted on a case-by-case basis.
- Clients are generally assessed a minimum fee of \$100.00 for written financial plans.

## Item 8: Methods of Analysis, Investment Strategies & Risk of Loss

### Methods of Analysis

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

**Fundamental Analysis:** Fundamental analysis is a security analysis methodology that examines the business prospects of an individual company within the context of its industry and the overall economy. This is achieved by examining the company in detail, including the financial statements and company management. There are several possible objectives of Fundamental Analysis: (a) To conduct a company stock valuation and predict its probable price evolution; (b) To make a projection on its business performance; (c) To evaluate its management and its ability to make internal business decisions; (d) To calculate its credit risk; and/or (e) To find out the intrinsic value of the company's shares. Fundamental analysis maintains that markets may misprice a security in the short run but that the "correct" price will eventually be reached. Profits can be made by purchasing the mispriced security and then waiting for the market to recognize its "mistake" and reprice the security. The risk associated with this type of analysis is that the price of a security can move up or down along with the overall market and a mispriced security can persist regardless of the economic and financial factors considered in evaluating the stock.

**Technical Analysis:** Technical analysis is a security analysis methodology for forecasting the direction of prices through the study of past market data, primarily price and volume. A fundamental principle of technical analysis is that a market's price reflects all relevant information, so their analysis looks at the history of a security's trading pattern rather than external drivers such as economic, fundamental and news events. Therefore, price action tends to repeat itself due to investors collectively tending toward patterned behavior – hence technical analysis focuses on identifiable trends and conditions. Technical analysts also widely use market indicators of many sorts, some of which are mathematical transformations of price, often including up and down volume, advance/decline data and other inputs. These indicators are used to help assess whether an asset is trending, and if it is, the probability of its direction and continuation of the current trend. Technicians also look for relationships between price/volume indices and market indicators. Technical analysis employs models and trading rules based on price and volume transformations, such as the relative strength index, moving averages, regressions, inter-market and intra-market price correlations, business cycles, stock market cycles or, classically, through recognition of chart patterns. The risk associated with this type of analysis is that analysts use subjective judgment to decide which

pattern(s) a particular instrument reflects at a given time and what the interpretation of that pattern should be.

### **Investment Strategies We Use & Preferred Securities**

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We use the following strategies in managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

**Long-Term Purchases:** Our firm may buy securities for client accounts and hold them for a relatively long time (more than a year) in anticipation that the security's value will appreciate over a long horizon. The risk of this strategy is that our firm could miss out on potential short-term gains that could have been profitable for client accounts, or it's possible that the security's value may decline sharply before our firm makes a decision to sell.

**Short-Term Purchases:** When utilizing this strategy, our firm may purchase securities with the idea of selling them within a relatively short time (typically a year or less). Our firm does this in an attempt to take advantage of conditions that our firm believes will soon result in a price swing in the securities our firm purchases. The risk of this strategy is that short-term purchases involve higher transaction costs, which reduce returns.

**Options:** Our firm may use options in client accounts to hedge and help reduce the risks associated with holding an asset. The types of options our firm typically uses are covered calls and puts. A call is an options contract that gives the owner the right to purchase the underlying security at the specified strike price at any point up until expiration. A put is an options contract that gives the owner the right to sell the underlying asset at the specified strike price at any point up until expiration. A "covered" option means that the seller owns the underlying asset. The risks associated with these transactions are that (1) All options expire. The closer the option gets to expiration, the quicker the premium in the option deteriorates; and (2) Prices can move very quickly. Depending on factors such as time until expiration and the relationship of the stock price to the option's strike price, small movements in a stock can translate into big movements in the underlying options.

**Equity Securities:** Equity securities represent an ownership position in a company. Equity securities typically consist of common stocks. The prices of equity securities fluctuate based on, among other things, events specific to their issuers and market, economic and other conditions. For example, prices of these securities can be affected by financial contracts held by the issuer or third parties (such as derivatives) relating to the security or other assets or indices. There may be little trading in the secondary market for particular equity securities, which may adversely affect our firm's ability to value accurately or dispose of such equity securities. Adverse publicity and investor perceptions, whether or not based on fundamental analysis, may decrease the value and/or liquidity of equity securities. Investing in smaller companies may pose additional risks as it is often more difficult to value or dispose of small company stocks, more difficult to obtain information about smaller companies, and the prices of their stocks may be more volatile than stocks of larger, more established companies. Clients should have a long-term perspective and, for example, be able to tolerate potentially sharp declines in value.

**Exchange Traded Funds ("ETFs"):** An ETF is a type of Investment Company (usually, an open-end fund or unit investment trust) whose primary objective is to achieve the same return as a particular market index. The vast majority of ETFs are designed to track an index, so their performance is close to that of an index mutual fund, but they are not exact duplicates. A tracking error, or the difference



between the returns of a fund and the returns of the index, can arise due to differences in composition, management fees, expenses, and handling of dividends. ETFs benefit from continuous pricing; they can be bought and sold on a stock exchange throughout the trading day. Because ETFs trade like stocks, you can place orders just like individual stocks - such as limit orders, good-until-canceled orders, stop loss orders, etc. They can also be sold short. Traditional mutual funds are bought and redeemed based on their net asset values ("NAV") at the end of the day. ETFs are bought and sold at the market prices on the exchanges, which resemble the underlying NAV but are independent of it. However, arbitrageurs will ensure that ETF prices are kept very close to the NAV of the underlying securities. Although an investor can buy as few as one share of an ETF, most buy in board lots. Anything bought in less than a board lot will increase the cost to the investor. Anyone can buy any ETF no matter where in the world it trades. This provides a benefit over mutual funds, which generally can only be bought in the country in which they are registered.

One of the main features of ETFs are their low annual fees, especially when compared to traditional mutual funds. The passive nature of index investing, reduced marketing, distribution and accounting expenses, all of which contribute to the lower fees. However, individual investors must pay a brokerage commission to purchase and sell ETF shares; for those investors who trade frequently, this can significantly increase the cost of investing in ETFs. That said, with the advent of low-cost brokerage fees, small or frequent purchases of ETFs are becoming more cost efficient.

**Mutual Funds:** A mutual fund is a company that pools money from many investors and invests that money in a variety of differing security types based on the objectives of the fund. The portfolio of the fund consists of the combined holdings it owns. Each share represents an investor's proportionate ownership of the fund's holdings and the income those holdings generate. The price that investors pay for mutual fund shares are the fund's per share net asset value ("NAV") plus any shareholder fees that the fund imposes at the time of purchase (such as sales loads). Investors typically cannot ascertain the exact make-up of a fund's portfolio at any given time, nor can they directly influence which securities the fund manager buys and sells or the timing of those trades. With an individual stock, investors can obtain real-time (or close to real-time) pricing information with relative ease by checking financial websites or by calling a broker or their investment adviser. Investors can also monitor how a stock's price changes from hour to hour—or even second to second. By contrast, with a mutual fund, the price at which an investor purchases or redeems shares will typically depend on the fund's NAV, which is calculated daily after market close.

The benefits of investing through mutual funds include: (a) Mutual funds are professionally managed by an investment adviser who researches, selects, and monitors the performance of the securities purchased by the fund.; (b) Mutual funds typically have the benefit of diversification, which is an investing strategy that generally sums up as "Don't put all your eggs in one basket." Spreading investments across a wide range of companies and industry sectors can help lower the risk if a company or sector fails. Some investors find it easier to achieve diversification through ownership of mutual funds rather than through ownership of individual stocks or bonds.; (c) Some mutual funds accommodate investors who do not have a lot of money to invest by setting relatively low dollar amounts for initial purchases, subsequent monthly purchases, or both.; and (d) At any time, mutual fund investors can readily redeem their shares at the current NAV, less any fees and charges assessed on redemption.

Mutual funds also have features that some investors might view as disadvantages: (a) Investors must pay sales charges, annual fees, and other expenses regardless of how the fund performs. Depending on the timing of their investment, investors may also have to pay taxes on any capital gains distributions they receive. This includes instances where the fund performed poorly after purchasing

shares.; (b) Investors typically cannot ascertain the exact make-up of a fund's portfolio at any given time, nor can they directly influence which securities the fund manager buys and sells or the timing of those trades.; and (c) With an individual stock, investors can obtain real-time (or close to real-time) pricing information with relative ease by checking financial websites or by calling a broker or their investment adviser. Investors can also monitor how a stock's price changes from hour to hour—or even second to second. By contrast, with a mutual fund, the price at which an investor purchases or redeems shares will typically depend on the fund's NAV, which the fund might not calculate until many hours after the investor placed the order. In general, mutual funds must calculate their NAV at least once every business day, typically after the major U.S. exchanges close.

When investors buy and hold an individual stock or bond, the investor must pay income tax each year on the dividends or interest they receive. However, the investor will not have to pay any capital gains tax until they actually sell the stock or bond and make a profit. Mutual funds, however, are different. When an investor buys and holds mutual fund shares, the investor will owe income tax on any ordinary dividends they receive or reinvest each year. Moreover, in addition to owing taxes on any personal capital gains when the investor sells stocks or bonds, they may also have to pay taxes each year on the fund's capital gains. That is because the law requires mutual funds to distribute capital gains to shareholders if they sell securities for a profit, and cannot use losses to offset these gains.

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## **Risk of Loss**

Investing in securities involves risk of loss that clients should be prepared to bear. While the stock market may increase and the account(s) could enjoy a gain, it is also possible that the stock market may decrease, and the account(s) could suffer a loss. It is important that clients understand the risks associated with investing in the stock market, and that their assets are appropriately diversified in investments. Clients are encouraged to ask our firm any questions regarding their risk tolerance.

**Capital Risk:** Capital risk is one of the most basic, fundamental risks of investing; it is the risk that you may lose 100% of your money. All investments carry some form of risk, and the loss of capital is generally a risk for any investment instrument.

**Company Risk:** When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.

**Equity (Stock) Market Risk:** Common stocks are susceptible to general stock market fluctuations and, volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.

**Exchange Traded Fund ("ETF") & Mutual Fund Risk:** When investing in an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. ETFs can trade at a premium or discount and the premium paid at purchase may not be realized upon the sale of the ETF. Clients will also incur brokerage costs when purchasing ETFs.

**Fixed Income Securities Risk:** Typically, the values of fixed-income securities change inversely with prevailing interest rates. Therefore, a fundamental risk of fixed-income securities is interest rate risk, which is the risk that their value will generally decline as prevailing interest rates rise, which may cause your account value to likewise decrease, and vice versa. How specific fixed income securities may react to changes in interest rates will depend on the specific characteristics of each security. Fixed-income securities are also subject to credit risk, prepayment risk, valuation risk, and liquidity risk. Credit risk is the chance that a bond issuer will fail to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of a bond to decline. Prepayment risk is the risk that the issuer of a security will repay principal prior to the bond's maturity date, thereby changing the expected payment schedule of the bond. Valuation risk is the financial risk that an asset is overvalued and is worth less than expected when it matures or is sold. Liquidity risk is the lack of marketability of an investment that can't be bought or sold quickly enough to prevent or minimize a loss.

**Past Performance:** Charting and technical analysis are often used interchangeably. Technical analysis generally attempts to forecast an investment's future potential by analyzing its past performance and other related statistics. In particular, technical analysis often times involves an evaluation of historical pricing and volume of a particular security for the purpose of forecasting where future price and volume figures may go. As with any investment analysis method, technical analysis runs the risk of not knowing the future, and thus, investors should realize that even the most diligent and thorough technical analysis cannot predict or guarantee the future performance of any particular investment instrument or issuer thereof.

**Strategy Risk:** There is no guarantee that the investment strategies discussed herein will work under all market conditions and each investor should evaluate his/her ability to maintain any investment he/she is considering in light of his/her own investment time horizon. Investments are subject to risk, including possible loss of principal.

#### **Description of Material, Significant or Unusual Risks**

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Our firm generally invests client cash balances in money market funds, FDIC Insured Certificates of Deposit and/or government backed debt instruments. Ultimately, our firm tries to achieve the highest return on client cash balances through relatively low-risk conservative investments. In most cases, at least a partial cash balance will be maintained in a money market account so that our firm may debit advisory fees for our services related to our Asset Management service, as applicable.

### **Item 9: Disciplinary Information**

There are no legal or disciplinary events that are material to the evaluation of our advisory business or the integrity of our management.

### **Item 10: Other Financial Industry Activities & Affiliations**

Our firm has no other financial industry activities and affiliations to disclose.

## **Item 11: Code of Ethics, Participation or Interest in Client Transactions & Personal Trading**

As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. Our fiduciary duty is the underlying principle for our firm's Code of Ethics, which includes procedures for personal securities transaction and insider trading. Our firm requires all representatives to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment with our firm, and at least annually thereafter, all representatives of our firm will acknowledge receipt, understanding and compliance with our firm's Code of Ethics. Our firm and representatives must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. If a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

Our firm recognizes that the personal investment transactions of our representatives demand the application of a Code of Ethics with high standards and require that all such transactions be carried out in a way that does not disadvantage any client. At the same time, our firm also believes that if investment goals are similar for clients and for our representatives, it is logical, and even desirable, that there be common ownership of some securities.

In order to prevent conflicts of interest, our firm has established procedures for transactions effected by our representatives for their personal accounts<sup>1</sup>. In order to monitor compliance with our personal trading policy, our firm has pre-clearance requirements and a quarterly securities transaction reporting system for all of our representatives.

Related persons of our firm may buy or sell securities and other investments that are also recommended to clients. In order to minimize this conflict of interest, our related persons will act in the client's best interest and adhere to our firm's Code of Ethics.

Likewise, related persons of our firm buy or sell securities for themselves at or about the same time they buy or sell the same securities for client accounts. In order to mitigate this conflict of interest, our related persons will act in the client's best interest and adhere to our firm's Code of Ethics. Further, our related persons will refrain from buying or selling the same securities prior to (front-running) buying or selling for our clients in the same day unless included in a block trade.

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<sup>1</sup> For purposes of the policy, our associate's personal account generally includes any account (a) in the name of our associate, his/her spouse, his/her minor children or other dependents residing in the same household, (b) for which our associate is a trustee or executor, or (c) which our associate controls, including our client accounts which our associate controls and/or a member of his/her household has a direct or indirect beneficial interest in.

## Item 12: Brokerage Practices

### Selecting a Brokerage Firm

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#### Custodian & Brokers Used

Our firm does not maintain custody of client assets (although our firm may be deemed to have custody of client assets if given the authority to withdraw its advisory fees from client accounts. See *Item 15 Custody*, below). Client assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank. Our firm recommends that clients use the Schwab Advisor Services division of Charles Schwab & Co. Inc. (“Schwab”), a FINRA-registered broker-dealer, member SIPC, as the qualified custodian. Our firm is independently owned and operated, and not affiliated with Schwab. Schwab will hold client assets in a brokerage account and buy and sell securities when instructed. While our firm recommends that clients use Schwab as their custodian/broker, clients will decide whether to do so and can open an account with Schwab by entering into an account agreement directly with them. Our firm does not open the account. For accounts not maintained at Schwab, our firm can still execute trades for clients through their chosen broker-dealer or bank.

#### How Brokers/Custodians Are Selected

Our firm seeks to recommend a custodian/broker who will hold client assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. A wide range of factors are considered, including, but not limited to:

- Combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- Capability to execute, clear and settle trades (buy and sell securities for client accounts)
- Capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of investment products made available (stocks, bonds, mutual funds, exchange traded funds (ETFs), etc.)
- Availability of investment research and tools that assist in making investment decisions
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- Reputation, financial strength and stability of the provider
- Prior service to our firm and our other clients
- Availability of other products and services that benefit our firm, as discussed below (see *“Products & Services Available from Schwab”*)

#### Custody & Brokerage Costs

Schwab generally does not charge a separate fee for custody services but is compensated by charging commissions or other fees to clients on certain trades that are executed or that settle into their Schwab account. Schwab’s commission rates and/or asset-based fees applicable to client accounts were negotiated based on our firm’s commitment to maintain a minimum threshold of assets statement equity in accounts at Schwab. This commitment benefits clients because the overall commission rates paid are lower than they would be if our firm had not made the commitment. In addition to commissions or asset-based fees, Schwab charges a flat dollar amount as a “prime broker”

or “trade away” fee for each trade that our firm has executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into a Schwab account. These fees are in addition to the commissions or other compensation paid to the executing broker-dealer. Because of this, in order to minimize client trading costs, Schwab will execute trades for all accounts custodied at Schwab.

## **Products & Services Available from Schwab**

Schwab Advisor Services is Schwab’s business serving independent investment advisory firms like our firm. Schwab provides our firm and clients with access to its institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help manage or administer our client accounts while others help manage and grow our business. Schwab’s support services are generally available on an unsolicited basis (our firm does not have to request them) and at no charge to our firm. The availability of Schwab’s products and services is not based on the provision of particular investment advice, such as purchasing particular securities for clients. Here is a more detailed description of Schwab’s support services:

### **Services that Benefit Clients**

Schwab’s institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which our firm might not otherwise have access or that would require a significantly higher minimum initial investment by firm clients. Schwab’s services described in this paragraph generally benefit clients and their accounts.

### **Services that May Not Directly Benefit Clients**

Schwab also makes available other products and services that benefit our firm but may not directly benefit clients or their accounts. These products and services assist in managing and administering our client accounts. They include investment research, both Schwab’s and that of third parties. This research may be used to service all or some substantial number of client accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provides access to client account data (such as duplicate trade confirmations and account statements)
- Facilitates trade execution and allocates aggregated trade orders for multiple client accounts
- Provides pricing and other market data
- Facilitates payment of our fees from our clients’ accounts; and
- Assists with back-office functions, recordkeeping, and client reporting.

### **Services that Generally Benefit Only Our Firm**

Schwab also offers other services intended to help manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Technology, compliance, legal, and business consulting
- Publications and conferences on practice management and business succession; and
- Access to employee benefits providers, human capital consultants and insurance providers.

Schwab may provide some of these services itself. In other cases, Schwab will arrange for third-party vendors to provide the services to our firm. Schwab may also discount or waive fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide our firm with other benefits, such as occasional business entertainment for our personnel.

Irrespective of direct or indirect benefits to our client through Schwab, our firm strives to enhance the client experience, help clients reach their goals and always act in the client's best interest.

### **Our Interest in Schwab's Services.**

The availability of these services from Schwab benefits our firm because our firm does not have to produce or purchase them. Our firm does not have to pay for these services, and they are not contingent upon committing any specific amount of business to Schwab in trading commissions or assets in custody.

In light of our arrangements with Schwab, a conflict of interest exists as our firm has an incentive to require that clients maintain their accounts with Schwab based on our interest in receiving Schwab's services that benefit our firm rather than based on client interest in receiving the best value in custody services and the most favorable execution of transactions. As part of our fiduciary duty to our clients, our firm will always act in the client's best interest. Clients should be aware, however, that the receipt of economic benefits by our firm or our related persons creates a conflict of interest and may indirectly influence our firm's choice of Schwab as a custodial recommendation. Our firm examined this conflict of interest when our firm chose to recommend Schwab and have determined that the recommendation is in the best interest of our firm's clients and satisfies our fiduciary obligations, including our duty to seek best execution.

In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Although our firm will seek competitive rates, to the benefit of all clients, our firm may not necessarily obtain the lowest possible commission rates for specific client account transactions. Our firm believes that the selection of Schwab as a custodian and broker is in the best interest of our clients. It is primarily supported by the scope, quality, and price of Schwab's services, and not Schwab's services that only benefit our firm.

### **Soft Dollars**

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Aside from the above, our firm does not receive soft dollars in excess of what is allowed by Section 28(e) of the Securities Exchange Act of 1934. The safe harbor research products and services obtained by our firm will generally be used to service all of our clients, but not necessarily all at any one particular time.

### **Client Brokerage Commissions**

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Our firm does not receive any portion of commissions or transaction charges assessed by Schwab.

## **Client Transactions in Return for Soft Dollars**

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Our firm does not direct client transactions to a particular broker-dealer in return for soft dollar benefits.

## **Brokerage for Client Referrals**

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Our firm does not receive brokerage for client referrals.

## **Directed Brokerage**

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Neither our firm nor any of our firm's representatives have discretionary authority in making the determination of the broker-dealers and/or custodians with whom orders for the purchase or sale of securities are placed for execution, and the commission rates at which such securities transactions are effected. Our firm routinely recommends that clients direct us to execute through a specified broker-dealer. Our firm recommends the use of Schwab.

## **Special Considerations for ERISA Clients**

A retirement or ERISA plan client may direct all or part of portfolio transactions for its account through a specific broker or dealer in order to obtain goods or services on behalf of the plan. Such direction is permitted provided that the goods and services provided are reasonable expenses of the plan incurred in the ordinary course of its business for which it otherwise would be obligated and empowered to pay. ERISA prohibits directed brokerage arrangements when the goods or services purchased are not for the exclusive benefit of the plan. Consequently, our firm will request that plan sponsors who direct plan brokerage provide us with a letter documenting that this arrangement will be for the exclusive benefit of the plan.

## **Client-Directed Brokerage**

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Our firm allows clients to direct brokerage outside our recommendation. Please note that client directed brokerage may cost clients more money as the firm may be unable to (1) achieve the most favorable execution with a directed order or (2) negotiate commissions.

## **Aggregation of Purchase or Sale**

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Our firm provides investment management services for various clients. There are occasions on which portfolio transactions may be executed as part of concurrent authorizations to purchase or sell the same security for numerous accounts served by our firm, which involve accounts with similar investment objectives. Although such concurrent authorizations potentially could be either advantageous or disadvantageous to any one or more particular accounts, they are affected only when our firm believes that to do so will be in the best interest of the effected accounts. When such concurrent authorizations occur, the objective is to allocate the executions in a manner which is deemed equitable to the accounts involved. In any given situation, our firm attempts to allocate trade executions in the most equitable manner possible, taking into consideration client objectives, current asset allocation and availability of funds using price averaging, proration, and consistently non-arbitrary methods of allocation.



### Item 13: Review of Accounts or Financial Plans

Jesse R. Stubbs reviews accounts on at least an annual basis for our Asset Management clients. The nature of these reviews is to learn whether client accounts are in line with their investment objectives, investment policies (if applicable) and appropriately positioned based on market conditions. Our firm does not provide written reports to clients, unless asked to do so. Verbal reports to clients take place on at least an annual basis when our Asset Management clients are contacted.

Our firm may review client accounts more frequently than described above. Among the factors that may trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc.

Financial Planning clients do not receive reviews of their written plans unless they take action to schedule a financial consultation with us. Our firm does not provide ongoing services to financial planning clients, but is willing to meet with such clients upon their request to discuss updates to their plans, changes in their circumstances, etc. Financial Planning clients do not receive written or verbal updated reports regarding their financial plans unless they separately engage our firm for a post-financial plan meeting or update to their initial written financial plan.

### Item 14: Client Referrals & Other Compensation

#### Schwab

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Our firm receives economic benefit from Schwab in the form of the support products and services made available to our firm and other independent investment advisors that have their clients maintain accounts at Schwab. These products and services, how they benefit our firm, and the related conflicts of interest are described above (*see Item 12 – Brokerage Practices*). The availability of Schwab's products and services is not based on our firm giving particular investment advice, such as buying particular securities for our clients.

Other than the disclosures listed in Item 12, our firm does not receive compensation from any third parties for services provided to clients.

#### Referral Fees

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Our firm does not pay referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm in accordance with relevant state statutes and rules.

### Item 15: Custody

State Securities Bureaus generally take the position that any arrangement under which a registered investment adviser is authorized or permitted to withdraw client funds or securities maintained with

a custodian upon the adviser's instruction to the custodian is deemed to have custody of client funds and securities. As such, our firm has adopted the following safeguarding procedures:

- a) Clients must provide our firm with written authorization permitting direct payment of advisory fees from their account(s) maintained by a custodian who is independent of our firm
- b) Our firm sends quarterly invoices to the client showing the fee amount, the value of the assets upon which the fee is based, and the specific manner in which the fee is calculated
- c) Our firm encourages clients to review the accuracy of the fee calculation, and reminds clients that the custodian does not determine the accuracy of the fee calculation; and
- d) The account custodian sends a statement to the client, at least quarterly, showing all account disbursements, including advisory fees.

Clients are encouraged to raise any questions with us about the custody, safety or security of their assets and our custodial recommendations.

### **Item 16: Investment Discretion**

Our firm only offers discretionary asset management for our clients. By having investment discretion, our firm is authorized to execute securities transactions, determine which securities are bought and sold, and the total amount to be bought and sold. Limitations may be imposed by the client in the form of specific constraints on any of these areas of discretion with our firm's written acknowledgement.

### **Item 17: Voting Client Securities**

Our firm does not accept the proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to our firm, our firm will forward them to the appropriate client and ask the party who sent them to mail them directly to the client in the future. Clients may call, write, or email us to discuss questions they may have about particular proxy votes or other solicitations.

### **Item 18: Financial Information**

Our firm is not required to provide financial information in this Brochure because:

- Our firm does not require the prepayment of more than \$500 in fees when services cannot be rendered within six (6) months.
- Our firm does not take physical custody of client funds or securities.
- Our firm does not have a financial condition or commitment that impairs our ability to meet contractual and fiduciary obligations to clients.
- Our firm has never been the subject of a bankruptcy proceeding.

## Item 19: Requirements for State-Registered Advisers

### Executive Officers & Management Persons

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**Jesse Ryan Stubbs**  
**Year of Birth:** 1986

**Educational Background:**

- 2010: University of Colorado; Master of Science in Business Accounting & Bachelor of Science in Business Finance

**Business Background:**

- 05/2019 – Present Stubbs Investment, LLC; Managing Member and Chief Compliance Officer
- 10/2009 – 05/2019 JSP Enterprises, Ltd. DBA Pappardelle's Pasta Co.; Director of Marketing & Sales

### Arrangements with Issuers of Securities

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Our firm is not actively engaged in any other business other than giving investment advice. Our firm does not charge performance-based fees. Our firm and management persons have not been involved in any arbitration awards, found liable in any civil, self-regulatory organization or administrative proceedings, or have any relationships with issuers or securities apart from what is disclosed above.

Our firm does not have compensation arrangements connected with advisory services that are in addition to our advisory fees. Our management persons and representatives do not have a relationship or arrangement with any issuer of securities. As a fiduciary, our firm always acts in the client's best interest. Information regarding participation of interest in client transactions can be found in our Code of Ethics as well as *Item 11* of this Brochure. Clients may obtain a copy of our Code of Ethics by contacting Jesse R. Stubbs, Chief Compliance Officer at (303) 999-9664.

**Item 1: Cover Page  
Part 2B of Form ADV: Brochure Supplement  
January 2025**

# Stubbs Investments

**Jesse Ryan Stubbs**

**Stubbs Investments, LLC  
973 Grenville Circle  
Erie, CO 80516  
[www.stubbsinvest.com](http://www.stubbsinvest.com)**

**Firm Contact:  
Jesse R. Stubbs  
Chief Compliance Officer**

This brochure supplement provides information about Mr. Stubbs that supplements our brochure. You should have received a copy of that brochure. Please contact Mr. Stubbs if you did not receive Stubbs Investments, LLC's brochure or if you have any questions about the contents of this supplement. Additional information about Mr. Stubbs is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching CRD #7074072.

## Item 2: Educational Background & Business Experience

**Jesse Ryan Stubbs**  
**Year of Birth:** 1986

### **Educational Background:**

- 2010: University of Colorado; Master of Science in Business Accounting & Bachelor of Science in Business Finance

### **Business Background:**

- 05/2019 – Present      Stubbs Investment, LLC; Managing Member and Chief Compliance Officer
- 10/2009 – 05/2019      JSP Enterprises, Ltd. DBA Pappardelle's Pasta Co.; Director of Marketing & Sales

## Item 3: Disciplinary Information<sup>1</sup>

There are no legal or disciplinary events material to the evaluation of Mr. Stubbs.

## Item 4: Other Business Activities

Mr. Stubbs does not have any outside business activities to report.

## Item 5: Additional Compensation

Mr. Stubbs does not receive any other economic benefit for providing advisory services in addition to advisory fees.

## Item 6: Supervision

Mr. Stubbs is the sole owner and Chief Compliance Officer and as such has no internal supervision placed over him. He is, however, bound by our firm's Code of Ethics and will adhere to our firm's policies and procedures.

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<sup>1</sup> Note: Our firm may, under certain circumstances, rebut the presumption that a disciplinary event is material. If an event is immaterial, we are not required to disclose it. When we review a legal or disciplinary event involving the advisor to determine whether it is appropriate to rebut the presumption of materiality, we consider all of the following factors: (1) The proximity of advisor to the advisory function; (2) The nature of the infraction that led to the disciplinary event; (3) The severity of the disciplinary sanction; and (4) The time elapsed since the date of the disciplinary event. If we conclude that the materiality presumption has been overcome, we prepare and maintain a file memorandum of our determination in our records. We follow SEC rule 204-2(a)(14)(iii) and similar state rules.

### **Item 7: Requirements for State-Registered Advisers**

Mr. Stubbs has not been involved in any arbitration claim alleging damages in excess of \$2,500. Furthermore, he has neither been involved in nor found liable in any civil, self-regulatory organization, or administrative proceeding nor has been the subject of any bankruptcy petitions.