

# FTJ Fund Choice, LLC

## Part 2A of Form ADV

### The Brochure

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This brochure provides information about the qualifications and business practices of FTJ Fund Choice, LLC (“FTJFC” or the “Company”). If you have any questions about the contents of this brochure, please contact us at 859-426-2000. 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 FTJFC is also available on the SEC’s website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Material Changes

FTJFC's most recent update to Part 2 of Form ADV was made in March 2010. FTJFC's business activities have not changed materially since the time of that update. However, in 2010 the SEC required significant changes to the content and format of Part 2 of Form ADV. This brochure, which reflects those changes, is materially different from brochures used by FTJFC in prior years.

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## Advisory Business

FTJFC is 100% owned by Richard F. Jones. FTJFC was established in 2001 and became registered with the SEC on April 13, 2004. FTJFC offers a fee-based mutual fund platform ("platform") to affiliated and unaffiliated investment advisers and broker-dealer representatives ("Investment Advisers"). The platform provides access to asset allocation models developed by third-party institutional consultants ("Strategists") who are selected and monitored by FTJFC ("Model Accounts"). Investment Advisers may also use FTJFC's mutual fund platform to manage their clients' ("Account Owners") assets according to their own proprietary models ("Non-Model Accounts").

Investment Advisers may change Strategists on behalf of Account Owners, make adjustments to their proprietary models, and purchase and sell mutual funds on behalf of Account Owners via FTJFC's website at [www.ftjfundchoice.com](http://www.ftjfundchoice.com). Strategists will communicate Model Account activity to FTJFC, who acts according to their instructions granted to conduct trading activity to change or rebalance the Account Owner's portfolio, as necessary. FTJFC provides account reporting and maintains certain books and records on behalf of Investment Advisers for Model Accounts and Non-Model Accounts.

FTJFC also performs back office functions for Investment Advisers with regard to Account Owners' accounts, including processing of trades, processing of deposits and withdrawals, purchases, redemptions, exchanges, debiting of fees, and account reporting.

As of March 1, 2011, the Company managed \$890,334,336 on a non-discretionary basis in Strategist's models and \$ 1,304,304,665 on a non-discretionary basis in Non-Model Accounts on behalf of approximately 29,620 and 37,246 accounts respectively. Additionally, FTJFC provides discretionary services \$3,004,225 to 233 friends and family accounts.

## **Fees and Compensation**

FTJFC's fees for Model and Non-Model Accounts (collectively, "Accounts") are typically as follows:

### Asset-Based Fee Schedule

\$0.00 - \$50,000.00	0.45%
\$50,000.01 - \$100,000.00	0.35%
\$100,000.01 - \$250,000.00	0.20%
\$250,000.01 - \$500,000.00	0.175%
Over \$500,000.01	0.15%

Fees charged by FTJFC are subject to negotiation and certain Account Owners may pay fees that differ from the above fee schedule.

The aforementioned asset-based fees are charged monthly in arrears and are based on the average daily account balance for the period for the prior month. Fees are automatically deducted from the Accounts.

In addition to the above asset-based fees, Accounts are subject to annual account maintenance fees of \$25.00 to \$55.00 per account or \$100.00 to \$150.00 per household, which are charged by FTJFC and will vary depending upon whether statements are delivered electronically or via mail. FTJFC may also charge miscellaneous fees associated with administrative services it provides, such as processing wire transfers, in order to help offset related expenses it incurs.

Additionally, FTJFC charges an additional asset-based fee of 0.10% to 0.20% for Strategists. FTJFC passes along 60 to 100% of that fee to the Strategists. Other Strategists available via FTJFC's mutual fund platform refer or recommend that Account Owners invest via FTJFC's mutual fund platform. This arrangement creates an incentive for FTJFC to add these Strategists to its mutual platform over others. Pursuant to a revenue sharing agreement, Huntington Bank Trust Services ("HNB"), the Model Accounts qualified custodian, pays FTJFC 85% of the total 12b-1 revenue it receives. The amount of a mutual fund's 12b-1 fees are described in the mutual fund's prospectus under fund expenses. This revenue sharing agreement may create an incentive for FTJFC to add certain mutual funds to its platform over others.

Account Owners should review their respective Investment Adviser's Part 2 to learn about the advisory services provided and fees charged by their Investment Adviser. Also, Accounts are subject to custodial, settlement, and clearing fees charged by third-party custodians maintaining their accounts and management, transaction, distribution and shareholder servicing, and other fees charged by third-party mutual funds in which the Accounts invest.

FTJFC, an Investment Adviser, or an Account Owner may terminate FTJFC's client services agreement between the parties at any time. An Account Owner is subject to fees for services rendered until the termination of the agreement. An Account Owner or Investment Adviser can cancel the agreement without penalty within five days of signing the client services agreement. Upon termination, the fees charged for services will be pro-rated and a refund for any unearned fees will be issued.

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

Performance based fees are fees based on a share of capital gains on or capital appreciation of the assets of a client. An adviser charging performance fees to some accounts faces a variety of conflicts because the adviser can potentially receive greater fees from its accounts having a performance-based compensation structure than from those accounts it charges a fee unrelated to performance (*e.g.*, an asset-based fee). As a result, the adviser may have an incentive to direct the best investment ideas to, or to allocate or sequence trades in favor of, the account that pays a performance fee. FTJFC does not charge any performance-based fees.

## **Types of Clients**

The Company primarily provides investment management and recordkeeping services to investment advisors that service both qualified and non-qualified monies.

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

FTJFC will determine the specific qualitative and quantitative screening criteria to identify appropriate Strategists for the mutual fund platform. The investment options are subjected to a due diligence questionnaire which includes both quantitative and qualitative information. The quantitative review focuses on performance and track record of the Strategist against various benchmarks. FTJFC's qualitative analysis reviews information surrounding the operations of the Strategists, including history, experience, firm size and structure, investment analysis and decision-making process and portfolio risk review.

Strategists that pass the quantitative screens for each style are then subjected to qualitative screening. Qualitative screening includes a review of each Strategist's organizational history and stability including, depth/experience of investment team and research group, investment process and strategy, internal resource allocation, legitimacy of track record, experience with taxable clients, client servicing capabilities, and other characteristics. Each Strategist has its own research methods, investment style and management philosophy.

Each Strategist is reviewed and analyzed in detail. On an annual basis, FTJFC reviews the performance of each Strategist along with any organizational changes that may have occurred during the year.

Investment Advisers conduct research regarding mutual funds they invest in on behalf of Account Owners; FTJFC does not conduct research on mutual funds available via its platform. Mutual funds are offered subject to the availability at the custodian, HNB. The mutual funds available are from a variety of fund families and consist of no load funds and load waived A share funds covering all major asset classes. As discussed in the Fees and Compensation section above, these no-load mutual funds have additional expenses, including shareholder servicing fees, which are described in each fund's prospectus.

An investment in individual securities or in a portfolio of securities could lose money. The investments selected by the Advisor should be deemed speculative investments and are not intended as a complete investment program. These types of investments are designed for investors who fully understand and are capable of bearing the risk of loss of their entire investment. The Advisor cannot give any guarantee that it will achieve its investment objectives or that any client will receive a return of its investment.

## **Disciplinary Information**

FTJFC and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of the company or its personnel.

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

FTJFC is affiliated with Forrest T. Jones Consulting Company, Fidelity Security Life Insurance Company and NPGC. Some officers of FTJFC, including Mr. Michael Hall, Chief Compliance Officer, are also officers of the affiliated companies. See ADV Part 2B for details.

Forrest T. Jones Consulting Company is a third party insurance administrator of risk management solutions and benefits administration to insurance companies.

Fidelity Security Life Insurance Company ("Fidelity") has established relationships with financially secure insurance companies. Through those relationships Fidelity offers competitive insurance products.

NPGC is a broker-dealer registered with FINRA and transacts business in mutual funds and other investment products.

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

To avoid any potential conflicts of interest involving personal trades, FTJFC has adopted a Code of Ethics, which includes policies and procedures requiring reporting of the personal securities trading of FTJFC's Access Persons, as well as a prohibition against insider trading and requiring compliance with applicable provisions of state and federal law. Furthermore, as a matter of general policy, our personnel are prohibited from purchasing or selling securities for their own account if the transaction will disadvantage FTJFC's clients in any way. As discussed within the Fees and Compensation section above, FTJFC and its employees have financial incentives to offer the services of certain Strategists or place certain mutual funds on the platform.

A copy of the Code of Ethics is available upon request by contacting Michael Hall, CCO.

## **Brokerage Practices**

The Company generally recommends that clients arrange for their assets to be held with HNB. There is no affiliation between the Company and HNB. HNB utilizes Fidelity Brokerage Services, LLC, as its clearing broker. While the Company has the ability to use other brokers to place trades, the majority of trades will be placed through HNB since it also serves as the custodian.

The Company generally will not accept direction from clients or agree to limitations with respect to the Company's brokerage discretion as to which broker is to be used and what commissions are to be paid.

## **Review of Accounts**

Strategists whose asset allocation models are available via FTJFC's mutual fund platform are subject to quantitative and qualitative reviews initially, and periodically thereafter. Reviews are conducted by Mr. Michael Hall and Mr. Dean Cook (see ADV Part 2B for titles and functions) in accordance with FTJFC's written policies and procedures, including performance of each Strategist along with any organizational changes that may have occurred during the year.

FTJFC does not review individual Account Owner Accounts. Model Accounts and Non-Model Accounts are reviewed by their respective Investment Advisers. Account Owners should review their respective Investment Adviser's Part 2 to learn how account reviews are conducted by their Investment Advisers.

FTJFC does not conduct any research on mutual funds available via its mutual fund platform. Investment Advisers conduct research regarding mutual funds they invest in on behalf of Account Owners.

Account Owners are provided with quarterly account statements. Such statements are also available via FTJFC's website at [www.ftjfundchoice.com](http://www.ftjfundchoice.com). In addition, each Account's qualified custodian sends each Account Owner a quarterly statement directly.

## **Client Referrals and Other Compensation**

FTJFC employs an internal sales force which may receive compensation based wholly or in part on business brought to FTJFC by such employees. FTJFC current does not hire third party solicitors.

## **Custody**

All clients' accounts are held in custody by HNB, but FTJFC can access many clients' accounts though its ability to debit advisory fees. For this reason FTJFC is considered to have custody of client assets. Account custodians send statements directly to the account owners on at least a quarterly basis. Clients should carefully review these statements, and should compare these statements to any account information provided by FTJFC.

## **Investment Discretion**

Account Owners invested in Model Accounts and Non-Model Accounts are subject to FTJFC's non-discretionary authority. When a Strategist instructs FTJFC to rebalance a Model Account, the Company provides notification to the Investment Adviser. Based on the outside agreement between the Investment Adviser and the Account Owner, the Investment Adviser may have discretion to permit such rebalancing without obtaining consent from the Account Owner. While FTJFC maintains non-discretionary authority over Non-Model Accounts, Investment Advisers may have discretion based on a separate agreement within the Account Owner. Accounts Owners should review their Investment Advisors ADV Part 2 or advisory agreement for details regarding discretion.

The Advisor is not obligated to acquire for any account any security that the Advisor or its officers, partners, members or employees may acquire for its or their own accounts or for the account of any other client, if in the absolute discretion of the Advisor, it is not practical or desirable to acquire a position in such security.

## **Voting Client Securities**

FTJFC will not exercise proxy-voting authority over securities held in Accounts. The obligation to vote Accounts' proxies shall at all-times rest with the Investment Adviser or the Account Owner, as applicable. Account Owners shall in no way be precluded from contacting either FTJFC or their Investment Adviser, for advice or information about a particular vote. However, FTJFC shall not be deemed to have proxy-voting authority solely as a result of providing such incidental advice to Account Owners. Investment Advisers and Account Owners can contact FTJFC to obtain a copy of FTJFC's complete proxy voting policies and procedures.

## **Financial Information**

FTJFC has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.