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SHARKEY HOWES & JAVER

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**2012**  
**Firm Brochure**

This Firm Brochure describes how we help people with their financial planning and investment management and what qualifies us to do so. We welcome your questions at 303-639-5100 or 800-557-9380 or [info@shwj.com](mailto:info@shwj.com).

Learn more about us online at: [www.shwj.com](http://www.shwj.com) or at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

The United States Securities and Exchange Commission (SEC) requires that we provide you with this brochure; however, the information in this brochure has not been approved or verified by the SEC or any state securities authority.

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## Advisory Business

Sharkey, Howes & Javer (SHJ) is a Denver-based fee-only financial advisory firm with a stellar record of integrity and trustworthiness. The core of our business is to offer objective personal financial planning that provides a thorough evaluation of non-investment related issues including retirement, estate planning, education and family legacies. Our purpose is to help you get answers to your questions and enable you to move towards achieving your financial and life goals.

The firm is owned by Eileen M. Sharkey, Lawrence E. Howes and Joel B. Javer and was reorganized from its predecessor firm, Sharkey, Howes, Wagner & Javer, which began in 1990.

Our investment management services offer active management of client assets using a combination of no-load mutual funds, some individual stocks, bonds and Exchange Traded Funds (a mutual fund that trades like a stock), municipal and corporate bonds, CD's, Money Markets and other liquid assets.

## Types of Clients

We offer Financial Planning and Investment Management services to individuals, businesses, Trustees and pension plans. Generally our minimum investment account size is \$100,000; although, due to unique client circumstances, we occasionally accept some accounts less than \$100,000.

## Assets Under Management **\$561 million** as of February 29, 2012

**\$481 million** in discretionary (assets we manage for our clients)

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**\$80 million** in 401(k) assets.

## Fees and Compensation

We are Fee-only Advisors. We charge for our services only and do not sell products that generate commissions or compensation to our planners or our firm. As fiduciaries, we always act in good faith and in the best interests of our clients.

The charge for us to develop your personal Financial Plan may range between \$2,000 and \$5,000 dollars depending upon the complexity of your situation. In advance of our work, you'll know what cost to expect and we will bill you at the time of service.

Our Investment Management fees are generally one percent (1%), or less, of the amount of assets that we manage for you. One-quarter of this fee (.25%), or less, is deducted through direct billing to the custodian at the end of each quarter, based on the account value at that time. Our fee is deducted automatically from your custodial account at the end of each calendar quarter. It is clearly shown on the quarterly statement that we provide to you and on the monthly statement sent independently from your custodian.

Some special client circumstances have us bill clients directly for asset management fees, rather than through their custodial account. New clients may be charged an initial set-up fee to open a new custodial account, otherwise you pay no fees in advance. If you terminate your relationship with us, we will bill for fees earned up to the date of termination.

In addition, the custodian may charge you a brokerage fee to buy or sell securities. SHJ does not share in any brokerage fees charged by custodians.

## Performance-Based Fees and Side-by-Side Management – Not How We Do Business

We do not have any Performance-Based Fees or Side-by-Side Management.

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

SHJ employs an asset allocation strategy using a fundamental mix of stocks, bonds and cash. We offer many different allocation strategies that help preserve existing assets, provide ongoing income, protect purchasing power, seek long-term growth, or pursue aggressive growth; each of these is designed to fit a client's unique circumstances.

The Investment Committee of SHJ, which is composed of our most experienced advisors, is responsible for designing client portfolios using a combination of fundamental and technical analysis. We enhance this process by adding an economic overlay that includes the current market conditions and our estimate of the most likely market conditions in the foreseeable future. The sources of information used by the committee include: financial periodicals, research materials prepared by others, subscription services, corporate rating services, annual reports to shareholders, prospectuses, company conference calls and other SEC filings. This process allows the committee to choose those investment assets and the allocation of those assets that are most appropriate for the level of risk and the target return of a particular portfolio. All the portfolios designed by the investment committee are compared quarterly against published benchmark portfolios of similar stock/bond ratios for performance and volatility.

The methods we use to analyze investment options vary with the type of security. Mutual fund analysis includes an assessment of expenses, fund manager tenure, historic performance against peers, and the fund's long-term fund performance. Each mutual fund is charted against other funds in their peer group to evaluate recent performance and volatility. Individual stocks are evaluated using fundamental analysis as well as published third party research. Non-investment grade, or high-yield, corporate bonds are analyzed in a similar fashion to corporate stocks, while government and investment grade corporate bonds are evaluated primarily on the basis of their bond rating, and yield to maturity.

Portfolios that invest in high-yield securities are subject to greater credit risk and price fluctuation than portfolios that invest in higher-quality securities. Stocks of small domestic or small emerging market companies may have less liquidity than those of larger established companies and may be subject to greater price volatility and risk than the overall stock market. REITs (Real Estate Investment Trusts) involve risks such as refinancing, economic conditions in the real estate industry, changes in property values, dependency on real estate management, and other risks associated with a portfolio that concentrates its investments in one sector or geographic region. Foreign investments involve risks and opportunities different from domestic investments such as currency rate fluctuations and differences in financial reporting.

We will do our best to tailor a portfolio that meets both the client's return expectations and risk tolerance, but this is not guaranteed. Client's return expectations are subject to the realities of the financial markets and are dependent upon the risk the client is willing to assume.

While our recommended allocation strategy is designed to mitigate exposure to various risks, the client needs to understand that the risks are there and to be prepared to bear losses that may result.

We believe that diversification within a portfolio's assets can help reduce downside volatility and we believe investment portfolios should have a mix of asset classes and securities within each class. However, asset allocation does not ensure a profit or protection against loss and asset allocation may not be appropriate for everyone. Also, allocating assets to a small number of investment options concentrated in particular business or market sectors will subject a portfolio to

increased risk and volatility.

At any point in time, a client's investments could be worth more or less than originally invested. SHJ does not represent, warrant, guarantee or imply that the services or methods of analysis employed by the firm can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. Investment in any security or portfolio of securities always carries with it a risk of loss to the investor. Market fluctuations, interest rates, inflation, economic downturns, and individual security performance are some of the possible exposures.

Advice we offer may involve investments in mutual funds. Investment Advisory fees that clients pay to SHJ are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. Mutual fund fees will generally include a fund management fee and other fund expenses. Mutual fund fees are described in the fund's prospectus, which the custodian delivers directly to the client following any purchase of a mutual fund that is new to the client's account. In addition, a prospectus is available online at each mutual fund company's web site which the client may access at any time.

The custodian may charge the client brokerage fees to purchase or sell securities. SHJ does not share in any brokerage fees that may be charged by the custodian. The client should review all fees charged by mutual funds, SHJ and the custodian to fully understand the total amount of fees to be paid by the client.

## **Conduct and Disciplinary Information**

SHJ is proud that none of our team members have ever been charged or accused of any criminal or civil actions. Our firm and its' members have never violated any investment-related statutes or regulations.

## **Financial Industry Activities and Affiliations – None**

We have no affiliations with other Financial Industry Activities such as commodity pool operators or real estate brokers.

## **Code of Ethics, Participation or Interest in Client Transactions and Personal Trading – The Fiduciary Difference**

All SHJ employees understand the importance of ethical conduct and the fiduciary obligations owed to our clients. Our employees do not take part in, or exert influence on, any transaction or situation in which their own interests take precedence over the best interests of our clients. Our code of ethics is available to any client or prospective client upon request.

It is impossible in a general policy statement to define all the circumstances and relationships that could be considered unethical; but the list below represents behavior and responsibilities followed by all employees of SHJ.

1. We clearly understand our fiduciary obligation and we adhere to the highest standard of truthfulness, integrity and trustworthiness. We put clients' interests ahead of firm and personal interests.
2. We maintain confidentiality of our clients' information and circumstances.
3. We maintain the utmost good faith and provide full and fair disclosure of all material facts to our clients.

4. We comply with all relevant Federal, State and local Rules, Regulations and Laws and the SHJ Policies and Procedures Manual.

## **Brokerage Practices – We Do Not Receive Commissions**

When working with us, your investments are held in an independent custodian account, such as Charles Schwab or TD Ameritrade, which is also a broker-dealer. Only broker-dealers can purchase and sell (trade) investments. SHJ receives no commissions or compensation of any kind for investments traded through your broker-dealer.

We strive to work with broker-dealers that offer the best value for their service. In choosing a broker-dealer or negotiating commission rates:

- We seek the most advantageous commission and fee schedule; however,
- less expensive brokerage transactions costs may be available through other sources.

You may purchase investments directly through your custodian or through any broker-dealer or agent you chose. You may experience brokerage fees that are different from the fees that are charged through the custodial account that we have established for you. The size of our firm allows us to aggregate trades which may improve efficiency and reduce transaction fees.

SHJ employees may occasionally receive minimal economic benefits from independent custodians and other non-clients. Such benefits typically occur in the normal course of business or are part of our due diligence. These may take the form of meals and entertainment, computer linkages, discounts from selected software vendors, gifts of nominal value at conventions or holiday seasons, access to some industry publications and shared expenses for travel and lodging for attendance at education and due diligence meetings. We are very sensitive to conflicts of interest and we do not believe that any of these nominal economic benefits influences our objectivity or negatively influences our sense of fiduciary obligations.

## **Review of Accounts – Easy-to-Understand Quarterly Reports**

You will receive a quarterly statement from us that details all investment activity, management fees, investment performance and current asset allocation. A graph will illustrate how your portfolio is performing compared to your targeted return.

Your SHJ advisor reviews your account quarterly. Depending on your preferences, we will meet with you annually or more frequently to review your plan and your portfolio. When you experience a significant change in your financial circumstances, we will update your plan. Plan updates generally include a balance sheet and projections and our recommendations for helping you achieve your revised goals.

## **Client Referrals – Our Greatest Compliment – and Other Compensation**

There are instances when we compensate associations and companies for business that is sent to us. The compensation is paid by SHJ and never by the client.

- SHJ offers financial planning and investment advisory services to members of the Colorado Medical Society (CMS), the Colorado Dental Association (CDA), and the Wyoming Dental Association (WDA). SHJ compensates the CMS, CDA and the WDA for their members who do business with us. The details of this partnership are disclosed to members of the CMS, CDA and the WDA and are available upon request and at the time of engagement.

- Many businesses enlist our firm to establish and maintain a company retirement plan. One of

the plans that we offer, called [www.SHJ401k.com](http://www.SHJ401k.com), is internet based. The online plan platform is operated by ePlan Services, Inc., which provides recordkeeping and administration of each plan. We pay e-Plan a one-time set-up fee on some types of new clients.

- We compensate Firor & Company CPAs and other professionals who send us their client referrals. These potential clients are advised of the relationship and compensation before we begin working with them.
- SHJ pays Charles Schwab & Co. and TD Ameritrade a Participation Fee quarterly from referred clients' accounts due to SHJ's past participation in the Schwab Advisor Network and the Advisor Direct program. This fee is included in our portion of the management fee and the client pays no additional fees. SHJ no longer participates in either of these referral programs, however, we are obligated to pay Schwab and TD Ameritrade an on-going fee for the client relationships that were established as a result of past referrals.

## **Custody – Where Your Money Resides – the “Check and Balance”**

SHJ does not have custody of your funds. Your funds (investments) are held, purchased and sold through an independent custodian. You will receive monthly statements and trade confirmations from your custodian. As a “check and balance” clients are urged to compare their custodian's statement to their SHJ statement and notify us immediately of any discrepancy between the two.

## **Investment Discretion and Trade Aggregation - We Work For You**

When you work with us you receive an Investment Advisory Agreement that gives us “limited discretion”. After we have developed a portfolio that meets with your approval, we will need to make changes as quickly as possible when required. To do this effectively, we must have discretion to make investment transactions on your behalf. Your custodian will send you confirmations of any changes we make for you.

This discretion is limited to the ability to conduct trades, collect fees and download information between SHJ and your custodian. It does not enable SHJ to direct investments in any manner that is not for your direct benefit. Your investments are purchased and sold through your custodial account. You may purchase investments directly through your custodian or through any broker or agent you chose. If we feel that your investment is not in your best interest, or it is an investment that is outside of our scope of work, it will be set up as a separate account and you may monitor it outside of your SHJ account.

SHJ may at its sole discretion aggregate purchases or sales of any security, instrument, or obligation effected for client accounts with purchases or sales of the same security, instrument, or obligation effected on the same day for the accounts of one or more of SHJ's other clients.

Although such concurrent aggregations potentially could be either advantageous or disadvantageous to any one or more particular accounts, they will be effected only when the Advisor believes that to do so will be in the best interests of the affected accounts.

SHJ will attempt to average the actual prices applicable to the aggregated transaction and every effort will be made in each client account participating in the aggregated transaction to have purchased or sold its share of the security, instrument or obligation involved at the average price.

All transactions costs incurred in effecting the aggregated transaction shall be shared on a pro rata basis among all accounts participating in such aggregated transaction, except to the extent that certain broker-dealers that also furnish custody services may impose minimum transaction charges



applicable to some of the participating accounts. When such concurrent aggregations occur, the objective will be to allocate the executions in a manner that is deemed equitable to the accounts involved.

## **Voting Client Securities**

Funds that you are invested in will solicit you directly regarding voting or company proxies. You may want to participate in the voting process of the funds and firms they are invested in. We do not advise or take any action regarding voting mutual fund or company proxies that you may be invested in.

## **Financial Information – Initial Fees and Retainers for Service**

New clients may be charged an initial set-up fee for new investment accounts as described on our Fee Schedule. Financial Planning clients pay an initial retainer of \$500 for work to be completed within six months. Payments made prior to the rendering of services will generally not be refundable if the work has been fulfilled by SHJ. However, fair and proportionate refunds shall be made where services have not yet been rendered.



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