

Item 1: Cover Page

Part 2A of Form ADV Firm Brochure

April 5, 2012

JLTD Advisors, LLC

CRD No. 153690

937 W. Randolph Street, Suite 2E
Chicago IL 60607

phone: 312-243-0155
email: tim@jltgroup.com
website: www.jltgroup.com

This brochure provides information about the qualifications and business practices of JLTD Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at tim@jltgroup.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or any State securities authority. Registration with the SEC or any State regulatory authority does not imply a certain level of skill or expertise.

Additional information about JLTD Advisors, LLC, is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Material Changes

Initial publication date is March 31, 2011.

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Item 4: Advisory Business

A. Description of Your Advisory Firm

JLTD Advisors, LLC ("JLTD" or "JLTD Advisors" or "the firm"), is an Illinois limited liability company principally owned by Tim McGrath and Horace Seely-Brown. JLTD offers investment supervisory, asset management and financial planning services.

B. Description of Advisory Services Offered

JLTD Advisors is an independent investment advisory and financial planning firm offering a variety of financial services to individuals, trusts, corporations, partnerships, retirement plans, tax exempt and other legal entities. Advisory services may include financial planning, investment strategy and portfolio management.

For its discretionary asset management services, JLTD receives a limited power of attorney to effect securities transactions on behalf of its clients that include securities and strategies described in Item 8 of this Brochure. In addition, pursuant to the terms of its investment advisory agreement with clients, JLTD will remind clients of their obligation to inform the firm of any changes to their personal financial circumstances, investment objectives or risk tolerance, and modifications or restrictions that should be imposed on the management of the client's account. JLTD will also contact clients at least annually to determine whether there have been any changes in a client's personal financial circumstances, investment objectives and tolerance for risk.

B.1. Financial Planning Services

JLTD Advisors offers broad-based, modular and consultative financial planning services on a stand alone basis. Such advice will typically involve providing a variety of services, principally advisory in nature, to clients regarding the management of their financial resources based upon an analysis of their individual needs. A financial advisor of the firm will first conduct a complimentary initial consultation. After the initial consultation, if the client decides to engage JLTD for financial planning services, a financial advisor will conduct a follow-up meeting, during which pertinent information about the client's financial circumstances and objectives is collected. Once such information has been reviewed and analyzed, a written financial plan designed to achieve the clients' stated financial goals and objectives will be produced and presented to the client. The primary objective of this process is to allow JLTD to assist the client in developing a strategy for the successful management of income, assets and liabilities in meeting the client's financial goals and objectives.

JLTD may also offer ongoing financial planning services whereby it generally establishes a regular planning cycle to work with the client in managing specific aspects of the overall financial plan. As part of such services, JLTD may provide periodic reviews of financial plans, asset allocation recommendations, periodic reviews of insurance needs and estate planning issues, and/or other issues as requested by the client. The engagement for ongoing financial planning service is renewable on an annual basis.

Financial plans are based on the client's financial situation at the time the plan is presented and on financial information provided by the client to the firm. Clients are advised that certain assumptions may be made with respect to interest and inflation rates, as well as use of past trends and performance of the market and economy. Past performance is in no way an indication of future performance. JLTD cannot offer any guarantees or promises that the client's financial goals and objectives will be met. As the client's financial situation, goals, objectives or needs change, the client must notify the firm promptly.

Clients may act on JLTD's recommendations by placing securities transactions with any brokerage firm the client chooses. The client is under no obligation to act on JLTD's financial planning recommendations. Moreover, if the client elects to act on any of the recommendations, the client is under no obligation to implement the financial plan through JLTD.

B.2. Portfolio Management Services

JLTD Advisors provides discretionary and non-discretionary portfolio management services, where the investment advice provided is tailored to meet the needs and investment objectives of the client. Subject to any written guidelines that the client may provide, JLTD will be granted discretion and authority to manage the account. Accordingly, JLTD is authorized to perform various functions, at the client's expense, without further approval from the client. Such functions include the determination of securities to be purchased/sold and the amount of securities to be purchased/sold. JLTD may utilize, in its sole discretion, one or more sub-advisors, wherein the sub-advisor will have discretion to manage all or a portion of the client's account, which management may be based on one or more model portfolios developed by the sub-advisor. JLTD will monitor the performance of any accounts managed by a sub-advisor on an ongoing basis and may hire and fire any sub-advisor without the consent of the client. JLTD will pay a portion of its fee to any sub-advisor(s) utilized by the firm; however, clients do not pay a higher fee than the firm's normal fee as a result of any sub-advisory relationships. Once the portfolio is constructed, JLTD provides ongoing supervision and rebalancing of the portfolio as changes in market conditions and client circumstances may require.

Where JLTD enters into non-discretionary arrangements with clients, the firm will obtain client approval prior to the execution of transactions. JLTD may offer asset allocation recommendations with respect to participants' retirement plan(s). In such cases, all advice will be rendered on a non-discretionary and periodic basis. The client is free at all times to accept or reject any investment recommendation from JLTD, and the client is solely responsible for implementing any recommendations made by the firm.

B.3. 401(k) Plan Services

Employees in qualified retirement plans are protected by the Employee Retirement Income Security Act of 1974 (ERISA), which requires employers, investment advisors, and plan administrators to put employees' interests first when managing retirement savings plans. Public retirement systems are governed by similar state laws and often incorporate the protections of ERISA.

In order to demonstrate that a plan fiduciary has operated in a prudent manner, there are certain steps that the fiduciary must take. JLTD is committed to helping fiduciaries understand their roles and to assist them in implementing a process that allows them to fulfill their duties and responsibilities.

JLTD offers sponsors of employee benefit plans (defined contribution and defined benefit) qualified under the Internal Revenue Code ("IRC"), and other retirement plans not qualified under the IRC a range of discretionary and non-discretionary services.

JLTD provides Retirement Plan Consulting Services for plan trustees, fiduciaries, and participants, which include the following:

Assistance in Plan Design and Implementation

JLTD, after significant research and discussion with the plan trustee(s), will assist the trustee(s) with a plan design that is consistent with the needs of the company and its employees. Plan design is an important first step in the process. JLTD stays current with various types of plans and how they are utilized by competitors to ensure the company is offering a competitive plan that is cost-effective and which meets the needs of the company and its participants. Such services will usually involve:

- Review of expected participation, deferral percentage, and asset allocation of enrollees versus similarly situated companies
- Review of investment options in relation performance and risk
- Review of total plan costs and how they compare against similarly situated companies
- Review of compliance requirements and related costs
- Participant education and communication needs
- Recordkeeping and administration requirements
- Review of technology platform
- Recommendation

Vendor Search, Selection, and Plan Implementation

JLTD also assists its retirement plan clients in selecting trustees, custodians, third-party administrators, accountants, actuaries, and other service providers. This process involves:

- Generating criteria to identify appropriate service providers
- Developing requests for proposals
- Objectively rating service providers
- Detailing potential conflicts of interest
- Evaluating highly rated service provider candidates
- Presenting to management

Once a service provider is selected, JLTD will assist a client in implementing the client's retirement plan program. In implementing the program, JLTD will, among other things, review the plan design, develop performance standards, and review the service provider's contract.

Investment Selection and Monitoring

The process of investment selection and monitoring involves the following:

- Creating an investment policy statement
- Performing fund searches to ensure access to institutional funds
- Recommending lifestyle funds where appropriate
- Monitoring the investment options against well-defined risk and return criteria

JLTD's investment professionals work in partnership with clients to create sound solutions to investment challenges, including:

- Maximizing long-term return while not assuming unnecessary risk
- Creating an optimal portfolio that includes a diverse array of investment options that span the risk/return spectrum
- Keeping plan sponsors and participants current on mutual fund performance and the events that may affect performance

Employee Education and Communications in Connection with Client Retirement Plan Programs

JLTD will provide assistance with employee education and communications as follows:

- Development and maintenance of investment policy statement
- Formalization and maintenance of investment review guidelines
- Investment and market research
- Investment consulting
- Service monitoring
- Group enrollment meetings
- Written materials
- One-on-one allocation and fund selection meetings
- Quarterly investment review and analysis

C. Client-Tailored Services and Client-Imposed Restrictions

Clients' accounts will be managed on the basis of their financial situation and investment objectives, and in accordance with any reasonable restrictions they have imposed on the management of their accounts—for example, restricting the type or amount of security to be purchased in the portfolio.

D. Wrap Fee Programs

JLTD Advisors does not participate in wrap fee programs. (Wrap fee programs offer services for one all-inclusive fee.)

E. Client Assets Under Management

JLTD Advisors currently has \$35,294,548 of discretionary assets and \$17,954,119 of non-discretionary assets.

Item 5: Fees and Compensation

A. Methods of Compensation and Fee Schedule

A.1. Asset-Based Fee Schedule

The advisor's fee for the services is an asset-based fee calculated as a percentage of the value of the managed assets according to the following fee schedule, which represents the advisor's maximum fees for individual services. All fees are negotiable.

<u>Assets Under Management</u>	<u>Annualized Fee</u>
\$1–\$1,000,000	1.50%
\$1,000,001–\$3,000,000	1.25%
Over \$3,000,000	1.00%

JLTD Advisors requires a minimum account fee of \$1,000 for accounts it manages on a discretionary basis. As a result, there is an implied minimum portfolio size of \$70,000 at the highest fee tier. For accounts with portfolio values less than \$70,000, clients may be able to receive comparable services at more favorable pricing elsewhere. JLTD, in its sole discretion, may waive the required minimum. At its discretion, JLTD may allow accounts of members of the same household to be aggregated for purposes of determining the advisory fee—for example, where the firm services accounts on behalf of minor children of current clients, individual and joint accounts for a spouse, and other types of related accounts. This consolidation practice is designed to allow clients the benefit of an increased asset total, which could potentially cause the accounts to be assessed a reduced advisory fee based on the breakpoints available in JLTD's fee schedule as stated above.

The client authorizes the qualified custodian to automatically deduct the fee and all other charges payable hereunder from the assets in the account when due, with such payments to be reflected on the next account statement sent to the client. If insufficient cash is available to pay such fees, securities in an amount equal to the balance of unpaid fees will be liquidated to pay for the unpaid balance. JLTD may modify the fee at any time upon thirty (30) days written notice to the client. In the event the client has an ERISA-governed plan, fee modifications must be approved in writing by the client.

Generally, fees will be charged quarterly in advance. The clients and the client's custodian or broker-dealer will be invoiced at the beginning of each calendar quarter, based upon the market value (market value plus any credit balance or minus any debit balance) of the client's account at the end of the previous quarter, as mutually agreed upon by the client and JLTD.

Asset-based fees are always subject to the investment advisory agreement between the client and JLTD. Such fees are paid quarterly in advance. The fees will be prorated if the investment advisory relationship commences otherwise than at the beginning of a calendar quarter. Adjustments for significant contributions to and distributions from a client's portfolio are prorated for the quarter in which the change occurs.

A.2. Financial Planning Fee Schedule

JLTD Advisors charges an hourly fee of \$200 per hour for broad-based, modular and consultative financial planning services, which is negotiable depending on the scope and complexity of the plan, the client's situation and the client's objectives. An estimate of the total time/cost will be determined at the start of the advisory relationship. In limited circumstances, the cost/time could potentially exceed the initial estimate. In such cases, JLTD will notify the client and may request that the client approve the additional fee. In any case, JLTD requires a minimum fee of \$500. Fees are due upon completion of services rendered. Under no circumstances will JLTD require prepayment of a fee more than six months in advance and in excess of \$500. JLTD, in its sole discretion, may waive the fee for general consulting or modular planning where such services are incidental to the firm's portfolio management services. However, services beyond the scope of portfolio management may be rendered for an additional fee based on the firm's hourly rate. For ongoing financial planning services, JLTD charges either an hourly fee based on its hourly rate of \$200 per hour, or an annualized percentage of assets under management with the firm, which ranges from 0.50% to 1.50% of assets under management. Fees are payable quarterly in advance as invoiced. In either case, JLTD requires a minimum annual fee of \$500.

If the disclosure brochure is not delivered to the client within 48 hours prior to the client entering into the financial planning agreement, the client may terminate the agreement within five (5) business days of the date of acceptance without penalty. If the client receives the disclosure documents 48 hours in advance or if the five-day grace period has expired, either party may terminate the agreement upon written notice to the other party. The client will incur a pro rata charge for bona fide financial planning and/or consulting services rendered prior to such termination.

A.3. 401(k) Plan Fee Schedule

The advisor's fee for the services is an asset-based fee calculated as a percentage of the value of the managed assets according to the following fee schedule, which represents the advisor's maximum fees for individual services. All fees are negotiable.

<u>Assets Under Management</u>	<u>Annualized Fee</u>
First \$1,000,000	1.00%
Next \$4,000,000	0.75%
Over \$5,000,000	0.60%

JLTD Advisors requires a minimum fee of \$5,000 for retirement plans. As a result, there is an implied minimum plan size of \$500,000 at the highest fee tier. For plans with portfolio values less than \$500,000, the client may be able to receive comparable services at more favorable pricing elsewhere. JLTD, in its sole discretion, may waive the required minimum.

Generally, fees will be charged quarterly in advance. The client will be invoiced at the beginning of each calendar quarter, based upon the market value of the retirement plan at the end of the previous quarter, as mutually agreed upon by the client and JLTD.

Asset-based fees are always subject to the investment advisory agreement between the client and JLTD. Such fees are paid quarterly in advance. The fees will be prorated if the investment advisory relationship commences otherwise than at the beginning of a calendar quarter. Adjustments for significant contributions to and distributions from a client's portfolio are prorated for the quarter in which the change occurs.

B. Client Payment of Fees

B.1. Payment of Asset-Based Fees

JLTD Advisors will not take custody or possession of client funds or securities at any time except to the extent that JLTD may deduct fees directly from the client's account. JLTD will deduct advisory and custodial fees directly from the client's account provided that (i) the client provides written authorization to the qualified custodian, and (ii) the qualified custodian sends the client a statement, at least quarterly, indicating all amounts disbursed from the account.

The client is responsible for verifying the accuracy of the fee calculation, as the client's custodian will not verify the calculation.

B.2. Payment of Financial Planning Fees

In the event of financial planning fees, JLTD will invoice the balance due from the client upon completion of the work, provided such balance exceeds the advance payment of \$500.

B.3. Payment of Retirement Planning Fees

In the event of retirement planning fees, JLTD will invoice the client quarterly in advance, based upon the current assets in the retirement plan subject to any applicable minimum fees as described item A.3. above.

C. Additional Client Fees Charged

The fees charged by JLTD do not include fees charged by any exchange traded fund, mutual fund, pooled investment vehicle, or any broker-dealer or custodian selected by the client. The management fees for pooled investment vehicles are disclosed in their confidential offering memoranda and applicable subscription documents or, in the case of an exchange traded fund or mutual fund, in the respective fund's prospectus. Clients are advised to read these materials carefully before investing. If a mutual fund also imposes sales charges, the client may pay an initial or deferred sales charge as further described in the mutual fund's prospectus. A client using JLTD may be precluded from using certain mutual funds or separate account managers because they may not be offered by the client's custodian.

Generally, fees will be charged in advance; clients will be invoiced at the beginning of each calendar quarter based upon the market value (market value plus any credit balance or minus any debit balance) of the client's account at the end of the previous quarter.

Fees charged by mutual funds, exchange traded funds, and privately pooled investment vehicles are separate and apart from the advisory fees charged by JLTD. Similarly, the fees charged by

JLTD do not include any fees charged by a broker-dealer or custodian retained by a client to implement JLTD's advice or to otherwise hold the client's portfolio securities.

D. Prepayment of Client Fees

JLTD requires the prepayment of its investment advisory fees. JLTD's fees will either be paid directly by the client or disbursed to JLTD by the qualified custodian of the client's investment accounts, subject to prior written consent of the client. The custodian will deliver directly to the client an account statement, at least quarterly, showing all investment and transaction activity for the period, including fee disbursements from the account.

A client investment advisory agreement may be canceled at any time by the client, or by JLTD with thirty (30) days prior written notice to the client. A financial planning agreement may be terminated by either party for any reason upon receipt of written notice. Upon termination of any account, any unearned pre-paid fees will be refunded and any earned, unpaid fees will be due and payable. The client has the right to terminate an agreement without penalty within five (5) business days after entering into the agreement.

E. External Compensation for the Sale of Securities to Clients

JLTD financial advisors are compensated solely through a salary and bonus structure. JLTD is not paid any sales, service or administrative fees for the sale of mutual funds or any other investment products.

Item 6: Performance-Based Fees and Side-by-Side Management

JLTD Advisors does not charge performance-based fees and therefore has no economic incentive to manage clients' portfolios in any way other than what is in their best interests.

Item 7: Types of Clients

JLTD Advisors offers its investment services to various types of clients, including high-net-worth individuals, trusts, corporations, partnerships, retirement plans, tax exempt and other legal entities. Although JLTD provides investment services to the various types of clients mentioned, the services are conditioned upon meeting certain minimum criteria established by the firm for each of the investment programs it offers.

JLTD requires a minimum account fee of \$1,000 for accounts it manages on a discretionary basis. As a result, there is an implied minimum portfolio size of \$70,000 at the highest fee tier. For accounts with portfolio values less than \$70,000, clients may be able to receive comparable services at more favorable pricing elsewhere. JLTD, in its sole discretion, may waive the required minimum. At its discretion, JLTD may allow accounts of members of the same household to be aggregated for purposes of determining the advisory fee—for example, where the firm services accounts on behalf of minor children of current clients, individual and joint accounts for a spouse, and other types of related accounts. This consolidation practice is designed to allow clients the benefit of an increased asset total, which could potentially cause the accounts to be assessed a reduced advisory fee based on the breakpoints available in the firm's fee schedule as stated above.

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

A. Methods of Analysis and Investment Strategies

JLTD Advisor's methods of analysis may include fundamental and technical analysis; quantitative methods for optimizing client portfolios; computer based risk/return analysis; and statistical and/or computer models utilizing long-term economic criteria. JLTD may employ outside vendors or utilize third-party software to assist in formulating investment recommendations to clients.

A.1. Mutual Funds, Exchange Traded Funds, Independent Investment Managers and Pooled Investment Vehicles, Individual Equity and Fixed Income Securities

JLTD Advisors may recommend (i) separate account managers to manage client assets; (ii) no-load and load-waived mutual funds and individual securities (including fixed income instruments); and (iii) pooled investment vehicles. Such management styles may include, among others, large-cap, mid-cap and small-cap value, growth and core; international and emerging markets; and alternative investments. JLTD may also assist the client in selecting one or more appropriate manager(s) for all or a portion of the client's portfolio. Such managers typically manage assets for clients who commit to the manager a minimum amount of assets established by that manager—a factor that JLTD will take into account when recommending managers to clients.

A description of the criteria to be used in formulating an investment recommendation for mutual funds, exchange traded funds, individual securities (including fixed income securities), managers and pooled investment vehicles is set forth below.

JLTD has formed relationships with third-party vendors that

- provide a technological platform for separate account management
- prepare performance reports
- perform due diligence monitoring of mutual funds, managers and pooled investment vehicles
- perform billing and certain other administrative tasks

JLTD may utilize additional independent third parties to assist in recommending and monitoring individual securities, mutual funds, managers and pooled investment vehicles to clients as appropriate under the circumstances.

JLTD reviews certain quantitative and qualitative criteria related to mutual funds and managers and to formulate investment recommendations to its clients. Quantitative criteria may include:

- the performance history of a mutual fund or manager evaluated against that of its peers and other benchmarks
- an analysis of risk-adjusted returns
- an analysis of the manager's contribution to the investment return (e.g., manager's alpha), standard deviation of returns over specific time periods, sector and style analysis

- the fund, sub-advisor or manager's fee structure
- the relevant portfolio manager's tenure

Qualitative criteria used in recommending mutual funds or managers include the investment objectives and/or management style and philosophy of a mutual fund or manager, a mutual fund or manager's consistency of investment style, and employee turnover and efficiency and capacity. JLTD will discuss relevant quantitative and qualitative factors pertaining to its recommendations with clients prior to their determination to retain a mutual fund or manager.

Quantitative and qualitative criteria related to mutual funds and managers are reviewed by JLTD on a quarterly basis or such other interval as mutually agreed upon by the client and the firm. In addition, mutual funds or managers are reviewed to determine the extent to which their investments reflect efforts to time the market, or evidence style drift such that their portfolios no longer accurately reflect the particular asset category attributed to the mutual fund or manager by JLTD (both of which are negative factors in implementing an asset allocation structure). Based on its review, JLTD will make recommendations to clients regarding the retention or discharge of a mutual fund or manager.

JLTD may negotiate reduced account minimum balances and reduced fees with managers under various circumstances (for example, for clients with minimum level of assets committed to the manager for specific periods of time, etc.). There can be no assurance that clients will receive any reduced account minimum balances or fees, or that all clients, even if apparently similarly situated, will receive any reduced account minimum balances or fees available to some other clients. Also, account minimum balances and fees may significantly differ between clients. Each client's individual needs and circumstances will determine portfolio weighting, which can have an impact on fees given the mutual funds or managers utilized. JLTD will endeavor to obtain equal treatment for its clients with mutual funds or managers, but cannot assure equal treatment.

JLTD will regularly review the activities of mutual funds and managers selected by the client. Clients that engage managers or invest in mutual funds should first review and understand the disclosure documents of those managers or mutual funds, which contain information relevant to such retention or investment, including information on the methodology used to analyze securities, investment strategies, fees and conflicts of interest. Similarly, clients qualified to invest in pooled investment vehicles should review the private placement memoranda or other disclosure materials relating to such vehicles before making a decision to invest.

For individual equity and fixed income securities, the methods of analysis may include fundamental and technical analysis, quantitative methods for optimizing client portfolios, computer based risk/return analysis, and statistical and/or computer models utilizing long-term economic criteria. In addition, JLTD reviews research material prepared by others, corporate filings, corporate rating services and a variety of financial publications.

JLTD may employ outside vendors or utilize third-party software to assist in formulating investment recommendations to clients.

A.2. Investment Methodology – 401(k) Plans

JLTD will generally recommend lifestyle funds. The lifestyle fund enables plan participants to choose the appropriate model portfolio that fits with their tolerance for risk. Lifestyle funds use the client's age as a barometer for the composition of the underlying fund portfolio assets. For example, someone in their 70's will have a lifestyle fund that is composed of securities that are heavily weighted in high-quality fixed income; younger participants will likely have a lifestyle fund whose portfolio is more weighted in equities.

A.3. Material Risks of Investment Instruments

JLTD Advisors typically invests in equity securities, corporate debt instruments, municipal fixed income instruments, government securities including asset-backed securities, and options on securities as detailed below:

- Equity securities
- Warrants and rights
- Mutual fund securities
- Exchange-traded funds
- Corporate debt securities, commercial paper and certificates of deposit
- Municipal securities
- U.S. government securities
- Private placements
- Option contracts on securities
- Pooled investment vehicles
- Structured products
- Government and agency mortgage-backed securities
- Corporate debt obligations
- Mortgage-backed securities
- Collateralized obligations

A.3.a. Equity Securities

Investing in individual companies involves inherent risk. The major risks relate to the company's capitalization, quality of the company's management, quality and cost of the company's services, the company's ability to manage costs, efficiencies in the manufacturing or service delivery process, management of litigation risk, and the company's ability to create shareholder value (i.e., increase the value of the company's stock price). Foreign securities, in addition to the general risks of equity securities, have geopolitical risk, financial transparency risk, currency risk, regulatory risk and liquidity risk.

A.3.b. Warrants and Rights

JLTD may invest in warrants and rights. Warrants are securities, typically issued with preferred stock or bonds, that give the holder the right to purchase a given number of shares of

common stock at a specified price and time. The price of the warrant usually represents a premium over the applicable market value of the common stock at the time of the warrant's issuance. Warrants have no voting rights with respect to the common stock, receive no dividends and have no rights with respect to the assets of the issuer.

Investments in warrants and rights involve certain risks, including the possible lack of a liquid market for the resale of the warrants and rights, potential price fluctuations due to adverse market conditions or other factors, and failure of the price of the common stock to rise. If the warrant is not exercised within the specified time period, it becomes worthless.

A.3.c. Mutual Fund Securities

Investing in mutual funds carries inherent risk. The major risks of investing in a mutual fund include the quality and experience of the portfolio management team and its ability to create fund value by investing in securities that have positive growth, the amount of individual company diversification, the type and amount of industry diversification, and the type and amount of sector diversification within specific industries. In addition, mutual funds tend to be tax inefficient and therefore investors may pay capital gains taxes on fund investments while not having yet sold the fund.

A.3.d. Exchange Traded Funds ("ETFs")

JLTD may invest in ETFs (which may, in turn, invest in equities, bonds and other financial vehicles). ETFs are investment companies whose shares are bought and sold on a securities exchange. An ETF holds a portfolio of securities designed to track a particular market segment or index. Some examples of ETFs are SPDRs[®], streetTRACKS[®], DIAMONDSSM, NASDAQ 100 Index Tracking StockSM ("QQQsSM"), iShares[®] and VIPERS[®]. The funds could purchase an ETF to gain exposure to a portion of the U.S. or foreign market. The funds, as a shareholder of another investment company, will bear their pro rata portion of the other investment company's advisory fee and other expenses, in addition to their own expenses.

Investing in ETFs involves risk. Specifically, ETFs, depending on the underlying portfolio and its size, can have wide price (bid and ask) spreads, thus diluting or negating any upward price movement of the ETF or enhancing any downward price movement. Also, ETFs require more frequent portfolio reporting by regulators and are thereby more susceptible to actions by hedge funds that could have a negative impact on the price of the ETF. Certain ETFs may employ leverage, which creates additional volatility and price risk depending on the amount of leverage utilized, the collateral and the liquidity of the supporting collateral.

Further, the use of leverage (i.e., employ the use of margin) generally results in additional interest costs to the ETF. Certain ETFs are highly leveraged and therefore have additional volatility and liquidity risk. Volatility and liquidity can severely and negatively impact the price of the ETF's underlying portfolio securities, thereby causing significant price fluctuations of the ETF.

A.3.e. Corporate Debt, Commercial Paper and Certificates of Deposit

Fixed income securities carry additional risks than those of equity securities described above. These risks include the company's ability to retire its debt at maturity, the current interest rate environment, the coupon interest rate promised to bondholders, legal constraints, jurisdictional risk (U.S or foreign) and currency risk. If bonds have maturities of ten years or greater, they will likely have greater price swings when interest rates move up or down. The shorter the maturity the less volatile the price swings. Foreign bonds also have liquidity and currency risk.

Commercial paper and certificates of deposit are generally considered safe instruments, although they are subject to the level of general interest rates, the credit quality of the issuing bank and the length of maturity. With respect to certificates of deposit, depending on the length of maturity there can be prepayment penalties if the client needs to convert the certificate of deposit to cash prior to maturity.

A.3.f. Municipal Securities

Municipal securities carry additional risks than those of corporate and bank-sponsored debt securities described above. These risks include the municipality's ability to raise additional tax revenue or other revenue (in the event the bonds are revenue bonds) to pay interest on its debt and to retire its debt at maturity. Municipal bonds are generally tax free at the federal level, but may be taxable in individual states other than the state in which both the investor and municipal issuer is domiciled.

A.3.g. U.S. Government Securities

JLTD may invest in U.S. government securities. U.S. government securities include securities issued by the U.S. Treasury and by U.S. government agencies and instrumentalities. U.S. government securities may be supported by the full faith and credit of the United States.

A.3.h. Private Placements

Private placements carry significant risk in that companies using the private placement market conduct securities offerings that are exempt from registration under the federal securities laws, which means that investors do not have access to public information and such investors are not provided with the same amount of information that they would receive if the securities offering was a public offering. Moreover, many companies using private placements do so to raise equity capital in the start-up phase of their business, or require additional capital to complete another phase in their growth objective. In addition, the securities issued in connection with private placements are restricted securities, which means that they are not traded on a secondary market, such as a stock exchange, and they are thus illiquid and cannot be readily converted to cash.

A.3.i. Options on Securities

A call option is a contract under which the purchaser of the call option, in return for a premium paid, has the right to buy the security (or index) underlying the option at a specified price at any time during the term of the option. The writer of the call option, who receives the

premium, has the obligation upon exercise of the option to deliver the underlying security against payment of the exercise price. A put option gives its purchaser, in return for a premium, the right to sell the underlying security at a specified price during the term of the option. The writer of the put, who receives the premium, has the obligation to buy, upon exercise of the option, the underlying security (or a cash amount equal to the value of the index) at the exercise price. The amount of a premium received or paid for an option is based upon certain factors, including the market price of the underlying security, the relationship of the exercise price to the market price, the historical price volatility of the underlying security, the option period and interest rates.

A.3.j. Pooled Investment Vehicles

A pooled investment vehicle, such as a commodity pool or investment company, is generally offered only to investors who meet specified suitability, net worth and annual income criteria. Pooled investment vehicles sell securities through private placements and thus are illiquid and subject to a variety of risks that are disclosed in each pooled investment vehicle's confidential private placement memorandum or disclosure document. Investors should read these documents carefully and consult with their professional advisors prior to committing investment dollars. Because many of the securities involved in pooled investment vehicles do not have transparent trading markets from which accurate and current pricing information can be derived, or in the case of private equity investments where portfolio security companies are privately held with no publicly traded market, JLTLD will be unable to monitor or verify the accuracy of such performance information.

A.3.k. Structured Products

Structured products are designed to facilitate highly customized risk-return objectives. While structured products come in many different forms, they typically consist of a debt security that is structured to make interest and principal payments based upon various assets, rates or formulas. Many structured products include an embedded derivative component. Structured products may be structured in the form of a security, in which case these products may receive benefits provided under federal securities law, or they may be cast as derivatives, in which case they are offered in the over-the-counter market and are subject to no regulation.

Investment in structured products includes significant risks, including valuation, liquidity, price, credit and market risks. One common risk associated with structured products is a relative lack of liquidity due to the highly customized nature of the investment. Moreover, the full extent of returns from the complex performance features is often not realized until maturity. As such, structured products tend to be more of a buy-and-hold investment decision rather than a means of getting in and out of a position with speed and efficiency.

Another risk with structured products is the credit quality of the issuer. Although the cash flows are derived from other sources, the products themselves are legally considered to be the issuing financial institution's liabilities. The vast majority of structured products are from high-investment-grade issuers only. Also, there is a lack of pricing transparency. There is no uniform standard for pricing, making it harder to compare the net-of-pricing attractiveness of

alternative structured product offerings than it is, for instance, to compare the net expense ratios of different mutual funds or commissions among broker-dealers.

A.3.l. Government and Agency Mortgage-Backed Securities

The principal issuers or guarantors of mortgage-backed securities are the Government National Mortgage Association ("GNMA"), Fannie Mae ("FNMA") and the Federal Home Loan Mortgage Corporation ("FHLMC"). GNMA, a wholly owned U.S. government corporation within the Department of Housing and Urban Development ("HUD"), creates pass-through securities from pools of government-guaranteed (Farmers' Home Administration, Federal Housing Authority or Veterans Administration) mortgages. The principal and interest on GNMA pass-through securities are backed by the full faith and credit of the U.S. government.

FNMA, which is a U.S. government-sponsored corporation owned entirely by private stockholders that is subject to regulation by the secretary of HUD, and FHLMC, a corporate instrumentality of the U.S. government, issue pass-through securities from pools of conventional and federally insured and/or guaranteed residential mortgages. FNMA guarantees full and timely payment of all interest and principal, and FHMLC guarantees timely payment of interest and ultimate collection of principal of its pass-through securities. Mortgage-backed securities from FNMA and FHLMC are *not* backed by the full faith and credit of the U.S. government.

A.3.m. Corporate Debt Obligations

JLTD may invest in corporate debt obligations. Corporate debt obligations include corporate bonds, debentures, notes, commercial paper and other similar corporate debt instruments. Companies use these instruments to borrow money from investors. The issuer pays the investor a fixed or variable rate of interest and must repay the amount borrowed at maturity. Commercial paper (short-term unsecured promissory notes) is issued by companies to finance their current obligations and normally has a maturity of less than nine months. JLTD may also invest in corporate debt securities registered and sold in the United States by foreign issuers (Yankee bonds) and those sold outside the U.S. by foreign or U.S. issuers (Eurobonds).

A.3.n. Mortgage-Backed Securities

JLTD may invest in mortgage-backed securities, including pass-through securities and collateralized obligations. Mortgage-backed securities represent interests in a pool of mortgage loans originated by lenders such as commercial banks, savings associations, and mortgage bankers and brokers. Mortgage-backed securities may be issued by governmental or government-related entities, or by non-governmental entities such as special-purpose trusts created by commercial lenders.

Pools of mortgages consist of whole mortgage loans or participations in mortgage loans. The majority of these loans are made to purchasers of between one and four family homes. The terms and characteristics of the mortgage instruments are generally uniform within a pool but may vary among pools. For example, in addition to fixed-rate, fixed-term mortgages, JLTD may purchase pools of adjustable-rate mortgages, growing equity mortgages, graduated payment mortgages and other types. Mortgage poolers apply qualification standards to lending

institutions, which originate mortgages for the pools as well as credit standards and underwriting criteria for individual mortgages included in the pools. In addition, many mortgages included in pools are insured through private mortgage insurance companies.

Mortgage-backed securities differ from other forms of fixed income securities, which normally provide for periodic payment of interest in fixed amounts, with principal payments at maturity or on specified call dates. Most mortgage-backed securities, however, are pass-through securities, which means that investors receive payments consisting of a pro rata share of both principal and interest (less servicing and other fees), as well as unscheduled prepayments as loans in the underlying mortgage pool are paid off by the borrowers. Additional prepayments to holders of these securities are caused by prepayments resulting from the sale or foreclosure of the underlying property or refinancing of the underlying loans. As prepayment rates of individual pools of mortgage loans vary widely, it is not possible to accurately predict the average life of a particular mortgage-backed security. Although mortgage-backed securities are issued with stated maturities of up to 40 years, unscheduled or early payments of principal and interest on the mortgages may shorten considerably the securities' effective maturities.

A.3.o. Collateralized Obligations

JLTD may invest in collateralized mortgage obligations ("CMOs") that are collateralized by mortgage-backed securities issued by GNMA, FHLMC or FNMA ("mortgage assets"). CMOs are multiple-class debt obligations. Payments of principal and interest on the mortgage assets are passed through to the holders of the CMOs as they are received, although certain classes (often referred to as "tranches") of CMOs have priority over other classes with respect to the receipt of mortgage prepayments. Each tranche is issued at a specific or floating coupon rate and has a stated maturity or final distribution date. Interest is paid or accrues in all tranches on a monthly, quarterly or semi-annual basis. Payments of principal and interest on mortgage assets are commonly applied to the tranches in the order of their respective maturities or final distribution dates, so that generally no payment of principal will be made on any tranche until all other tranches with earlier stated maturity or distribution dates have been paid in full.

JLTD may also invest in collateralized debt obligations ("CDOs"), which include collateralized bond obligations ("CBOs"), collateralized loan obligations ("CLOs") and other similarly structured securities. CBOs and CLOs are types of asset-backed securities. A CBO is a trust that is backed by a diversified pool of high-risk, below-investment-grade fixed income securities. A CLO is a trust typically collateralized by a pool of loans, which may include, among others, domestic and foreign senior secured loans, senior unsecured loans and subordinate corporate loans, including loans that may be rated below investment grade or equivalent unrated loans.

B. Investment Strategy and Method of Analysis Material Risks

B.1. Leverage

The use of leverage enhances the overall risk of investment gain and loss to the client's investment portfolio. For example, investors are able to control \$2 of a security for \$1. So if the price of a security rises by \$1, the investor earns a 100% return on their investment. Conversely,

if the security declines by \$.50, then the investor loses 50% of their investment. The use of leverage entails borrowing, which results in additional interest costs to the investor.

Broker-dealers that carry customer accounts have a minimum equity requirement when clients utilize leverage. The minimum equity requirement is stated as a percentage of the value of the underlying collateral security with an absolute minimum dollar requirement. For example, if the price of a security declines in value to the point where the excess equity used to satisfy the minimum requirement dissipates, the broker-dealer will require the client to deposit additional collateral to the account in the form of cash or marketable securities. A deposit of securities to the account will require a larger deposit, as the security being deposited is included in the computation of the minimum equity requirement. In addition, when leverage is utilized and the client needs to satisfy a margin deposit or withdraw cash, the client must sell a disproportionate amount of collateral securities to release enough cash to satisfy the withdrawal amount based upon similar reasoning as cited above.

Regulations concerning the use of leverage are established by the Federal Reserve Board and vary if the client's account is held at a broker-dealer versus a bank custodian. Broker-dealers and bank custodians may apply more stringent rules as they deem necessary.

B.2. Short-Term Trading

Although JLTD, as a general business practice, does not utilize short-term trading, there may be instances in which short-term trading may be necessary or an appropriate strategy. In this regard, please read the following:

There is an inherent risk for clients who trade frequently in that high-frequency trading creates substantial transaction costs that in the aggregate could negatively impact account performance.

B.3. Option Strategies

Various option strategies give the holder the right to acquire or sell underlying securities at the contract strike price up until expiration of the option. Each contract is worth 100 shares of the underlying security. JLTD as part of its investment strategy may employ the following option strategies:

- Covered call writing
- Long call options purchases
- Long put options purchases
- Option spreading
- Short call option strategy
- Short put option strategy
- Equity collars
- Long straddles

B.3.a. Covered Call Writing

Covered call writing is the sale of in-, at-, or out-of-the money call option against a long security position held in the client portfolio. This type of transaction is used to generate income. It also serves to create downside protection in the event the security position declines in value. Income is received from the proceeds of the option sale. Such income may be reduced to the extent it is necessary to buy back the option position prior to its expiration. This strategy may involve a degree of trading velocity, transaction costs and significant losses if the underlying security has volatile price movement. Covered call strategies are generally suited for companies with little price volatility.

B.3.b. Long Call Option Purchases

Long call option purchases allow the option holder to be exposed to the general market characteristics of a security without the outlay of capital necessary to own the security. Options are wasting assets and expire (usually within nine months of issuance), and as a result can expose the investor to significant loss.

B.3.c. Long Put Option Purchases

Long put option purchases allow the option holder to sell or "put" the underlying security at the contract strike price at a future date. If the price of the underlying security declines in value, the value of the long put option increases. In this way long puts are often used to hedge a long stock position. Options are wasting assets and expire (usually within nine months of issuance), and as a result can expose the investor to significant loss.

B.3.d. Option Spreading

Option spreading usually involves the purchase of a call option and the sale of a call option at a higher contract strike price, both having the same expiration month. The purpose of this type of transaction is to allow the holder to be exposed to the general market characteristics of a security without the outlay of capital to own the security, and to offset the cost by selling the call option with a higher contract strike price. In this type of transaction, the spread holder "locks in" a maximum profit, defined as the difference in contract prices reduced by the net cost of implementing the spread. There are many variations of option spreading strategies; clients may contact the Options Clearing Corporation for a current Options Risk Disclosure Statement that discusses each of these strategies.

B.3.e. Short Call Option Strategy

Short call option strategy is highly speculative and has theoretical potential for unlimited loss. The seller (writer) of the call option receives proceeds (premium) from the sale of the option. The expectation is that the value of the underlying security will remain below the contract strike price and the option will expire worthless, allowing the option writer to keep the entire amount of the sale proceeds (premium). Should the value of the underlying security increase above the contract strike price, then the option writer can either purchase the call option at a loss, or through a process of exercise and assignment be forced to sell the stock at the contract strike price. If this happens, the option writer will have to go in the open market and

buy an equivalent amount of stock to cover the sale at prices that can be materially higher than the amount received from the sale.

B.3.f. Short Put Option Strategy

Short put option strategy is highly speculative and has theoretical potential for significant loss. The seller (writer) of the put option receives proceeds (premium) from the sale of the option. The expectation is that the value of the underlying security will remain above the contract strike price and the option will expire worthless, allowing the option writer to keep the entire amount of the sale proceeds (premium). Should the value of the underlying security decrease below the contract strike price, the option writer can either purchase the put option at a loss, or through a process of exercise and assignment be forced to buy the stock at the contract strike price. If this happens, the option writer will be purchasing the underlying security at a price potentially well above its then-current market value, exposing the investor to potential loss.

B.3.g. Equity Collar

A collar combines both a cap and a floor. A cap gives the purchaser of the cap the right (for a premium payment), but not the obligation, to receive the difference in the cost on some amount when a specified index rises above the specified "cap rate." A floor is the opposite of a cap—it gives the purchaser of the floor the right (for a premium payment), but not the obligation, to receive the difference in interest payable on an amount when a specified index falls below the specified "floor rate." A collar involving stock is called an "equity collar." In a collar transaction, the buyer of the collar purchases a cap while selling a floor indexed to the same rate or asset. A zero-cost collar results when the premium earned by selling a floor exactly offsets the cap premium.

B.3.h. Long Straddle

A long straddle is the purchase of a long call and a long put with the same underlying security, expiration date and strike price. This is a speculative trade that may be profitable when volatility is high and will result in a loss when prices of the underlying security are relatively stable.

C. Concentration Risks

There is an inherent risk for clients whose investment portfolios lack diversification—that is, they have their investment portfolios heavily weighted in one security, one industry or industry sector, one geographic location, one investment manager, one type of investment instrument (equities versus fixed income). Clients who have diversified portfolios, as a general rule, incur less volatility and therefore less fluctuation in portfolio value than those who have concentrated holdings. Concentrated holdings may offer the potential for higher gain, but also offer the potential for significant loss.

Item 9: Disciplinary Information

A. Criminal or Civil Actions

JLTD Advisors has nothing to disclose for this item.

B. Administrative Enforcement Proceedings

JLTD Advisors has nothing to disclose for this item.

C. Self-Regulatory Organization Enforcement Proceedings

JLTD Advisors has nothing to disclose for this item.

Item 10: Other Financial Industry Activities and Affiliations

A. Broker-Dealer or Representative Registration

JLTD Advisors is not registered as a broker dealer. The firm's owners, Tim McGrath and Horace Seely-Brown are neither registered nor function as registered representatives of a broker dealer.

B. Futures or Commodity Registration

Neither JLTD Advisors nor its affiliates are registered as a commodity firm, futures commission merchant, commodity pool operator, or commodity trading advisor and do not have an application to register pending.

C. Material Relationships Maintained by this Advisory Business and Conflicts of Interest

Certain managers, members and registered employees of JLTD Advisors are licensed insurance agents. With respect to the provision of financial planning services, JLTD professionals may recommend insurance products offered by certain insurance carriers with whom it has agreements and receive commissions for doing so.

Clients are advised that there is a potential conflict of interest in that there is an economic incentive to recommend insurance and other investment products offered through such insurance carriers. Clients are also advised that JLTD strives to put its clients' interests first and foremost.

D. Recommendation or Selection of Other Investment Advisors and Conflicts of Interest

JLTD Advisors does not recommend separate account managers or other investment products in which it receives any form of compensation from the separate account manager or investment product sponsor.

Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

A. Code of Ethics Description

In accordance with the Advisers Act, JLTD has adopted policies and procedures designed to detect and prevent insider trading. In addition, JLTD has adopted a Code of Ethics (the "Code"). Among other things, the Code includes written procedures governing the conduct of the firm's advisory and access persons. The Code also imposes certain reporting obligations on persons subject to the Code. The Code and applicable securities transactions are monitored by the Chief Compliance Officer of the firm. JLTD, upon written request from the client, will send to the client a copy of its Code of Ethics.

JLTD has policies and procedures in place to ensure that the interests of its clients are given preference over those of the firm, its affiliates and its employees. For example, there are policies in place to prevent the misappropriation of material nonpublic information, and such other policies and procedures reasonably designed to comply with federal and state securities laws.

B. Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest

JLTD does not engage in principal trading (i.e., the practice of selling stock to advisory clients from a firm's inventory or buying stocks from advisory clients into a firm's inventory). In addition, JLTD does not recommend any securities to advisory clients in which it has some proprietary or ownership interest.

C. Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest

JLTD, its affiliates, employees and their families, trusts, estates, charitable organizations and retirement plans established by it may purchase the same securities as are purchased for clients in accordance with its Code of Ethics policies and procedures.

D. Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest

JLTD, its affiliates, employees and their families, trusts, estates, charitable organizations and retirement plans established by it may effect securities transactions for their own accounts that differ from those recommended or effected for other of the firm's clients. JLTD will make a reasonable attempt to trade securities in client accounts at or prior to trading the securities in its affiliate, corporate, employee or employee-related accounts. Trades executed the same day will likely be subject to an average pricing calculation. It is the policy of JLTD to place the client's interests above those of the firm and its employees.

Item 12: Brokerage Practices

A. Factors Used to Select Broker-Dealers for Client Transactions

JLTD Advisors may recommend/require that clients establish brokerage accounts with Pershing, LLC ("Pershing"), a FINRA-registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although JLTD may recommend/require that clients establish brokerage accounts with Pershing, JLTD is independently owned and operated and not affiliated with Pershing.

Pershing does not charge separately for custody services, but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through or that settle into Pershing accounts.

In certain instances and subject to approval by the firm, JLTD will recommend to clients certain broker-dealers and/or custodians based on the needs of the individual client, taking into consideration the nature of the services required, the experience of the broker-dealer or custodian, the cost and quality of the services, and the reputation of the broker-dealer or custodian. The final determination to engage a broker-dealer or custodian recommended by JLTD will be made by and in the sole discretion of the client. The client recognizes that broker-dealers and/or custodians have different cost and fee structures and trade execution capabilities. As a result, there may be disparities with respect to the cost of services and/or the transaction prices for securities transactions executed on behalf of the client. Clients are responsible for assessing the commissions and other costs charged by broker-dealers and/or custodians.

A.1. Institutional Trading and Custody Services

Pershing Advisor Solutions, LLC ("Pershing Advisor Solutions") provides JLTD with access to its institutional trading and custody services, which are typically not available to Pershing's retail investors. These services are generally available to independent investment advisors on an unsolicited basis, at no charge to them so long as a minimum dollar commitment of the advisor's clients' assets are maintained in accounts at Pershing. These services are not contingent upon JLTD committing to Pershing any specific amount of business (assets in custody or trading commissions). Pershing's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or that would require a significantly higher minimum initial investment.

A.2. Other Products and Services

Pershing Advisor Solutions also makes available to JLTD other products and services that benefit JLTD but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of JLTD's accounts, including accounts not maintained at Pershing. Pershing Advisor Solutions also makes available to JLTD its managing and administering software and other technology that

- provide access to client account data (such as trade confirmations and account statements)
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- provide research, pricing and other market data
- facilitate payment of JLTD's fees from its clients' accounts
- assist with back-office functions, recordkeeping and client reporting

Pershing Advisor Solutions also offers other services intended to help JLTD Advisors manage and further develop its business enterprise. These services may include

- compliance, legal and business consulting
- publications and conferences on practice management and business succession
- access to employee benefits providers, human capital consultants and insurance providers

Pershing Advisor Solutions may make available, arrange and/or pay third-party vendors for the types of services rendered to JLTD. Pershing Advisor Solutions may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to JLTD. Pershing may also provide other benefits such as educational events or occasional business entertainment of JLTD personnel. In evaluating whether to recommend or require that clients custody their assets at Pershing, JLTD may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers and not solely on the nature, cost or quality of custody and brokerage services provided by Pershing, which may create a potential conflict of interest.

A.3. Independent Third Parties

Pershing Advisor Solutions may make available, arrange and/or pay third-party vendors for the types of services rendered to JLTD. Pershing may discount or waive fees it would otherwise charge for some of these services or all or a part of the fees of a third party providing these services to JLTD.

B. Aggregating Securities Transactions for Client Accounts

B.1. Best Execution

JLTD Advisors, pursuant to the terms of its investment advisory agreement with clients, may have discretionary authority to determine which securities are to be bought and sold, and the price of such securities to effect such transactions. JLTD effects securities transactions directly with the clients' custodian unless as otherwise directed by the client.

B.2. Directed Brokerage

B.2.a. JLTD Advisors Recommendations

JLTD Advisors typically recommends Pershing as custodian for clients' funds and securities and to execute securities transactions on its clients' behalf.

B.2.b Client-Directed Brokerage

Occasionally, clients may direct JLTD to use a particular broker-dealer to execute portfolio transactions for their accounts or request that certain types of securities not be purchased for their accounts. Clients who designate the use of a particular broker-dealer should be aware that they will lose any possible advantage JLTD derives from aggregating transactions. Such client trades are typically effected after the trades of clients who have not directed the use of a particular broker-dealer. JLTD loses the ability to aggregate trades with other JLTD advisory clients, potentially subjecting the client to inferior trade execution prices as well as higher commissions.

B.3. Security Allocation

Since JLTD may be managing accounts with similar investment objectives, JLTD may aggregate orders for securities for such accounts. In such event, allocation of the securities so purchased or sold, as well as expenses incurred in the transaction, is made by JLTD in the manner it considers to be the most equitable and consistent with its fiduciary obligations to such accounts.

JLTD's allocation procedures seek to allocate investment opportunities among clients in the fairest possible way, taking into account the clients' best interests. JLTD will follow procedures to ensure that allocations do not involve a practice of favoring or discriminating against any client or group of clients. Account performance is never a factor in trade allocations.

JLTD's advice to certain clients and entities and the action of JLTD for those and other clients are frequently premised not only on the merits of a particular investment, but also on the suitability of that investment for the particular client in light of his or her applicable investment objective, guidelines and circumstances. Thus, any action of JLTD with respect to a particular investment may, for a particular client, differ or be opposed to the recommendation, advice, or actions of JLTD to or on behalf of other clients.

B.4. Order Aggregation

Orders for the same security entered on behalf of more than one client will generally be aggregated (i.e., blocked or bunched) subject to the aggregation being in the best interests of all participating clients. Subsequent orders for the same security entered during the same trading day may be aggregated with any previously unfilled orders. Subsequent orders may also be aggregated with filled orders if the market price for the security has not materially changed and the aggregation does not cause any unintended duration exposure. All clients participating in each aggregated order will receive the average price and, subject to minimum ticket charges and possible step outs, pay a pro rata portion of commissions.

To minimize performance dispersion, "strategy" trades should be aggregated and average priced. However, when a trade is to be executed for an individual account and the trade is not in the best interests of other accounts, then the trade will only be performed for that account. This is true even if JLTD believes that a larger size block trade would lead to best overall price for the security being transacted.

B.5. Allocation of Trades

All allocations will be made prior to the close of business on the trade date. In the event an order is "partially filled," the allocation will be made in the best interests of all the clients in the order, taking into account all relevant factors including, but not limited to, the size of each client's allocation, clients' liquidity needs and previous allocations. In most cases, accounts will get a pro forma allocation based on the initial allocation. This policy also applies if an order is "over-filled."

JLTD acts in accordance with its duty to seek best price and execution and will not continue any arrangements if it determines that such arrangements are no longer in the best interest of its clients.

B.6. Soft Dollar Arrangements

JLTD does not utilize soft dollar arrangements. JLTD does not direct brokerage transactions to executing brokers for research and brokerage services.

B.7. Brokerage for Client Referrals

JLTD does not engage in the practice of directing brokerage commissions in exchange for the referral of advisory clients.

Item 13: Review of Accounts

A. Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved

JLTD Advisors, at its discretion, may prepare a customized written investment policy statement ("IPS") for a client. Each client account is reviewed periodically or as specified in the client's IPS. Reviews include an inspection of portfolio holdings, change in account values, and actual allocation of the account as compared to the recommended allocation. Reviews may be conducted by any of JLTD's financial advisors.

B. Review of Client Accounts on Non-Periodic Basis

JLTD may perform *ad hoc* reviews on an as-needed basis if there have been material changes in the client's investment objectives or risk tolerance, or a material change in how JLTD formulates investment advice.

C. Content of Client-Provided Reports and Frequency

JLTD typically provides written reports to clients on a quarterly basis. These reports include

- changes in market values
- current and historical time-weighted performance statistics
- comparison to an appropriate benchmark index

JLTD will provide reports showing the investment performance of a client's account and a comparison of such account performance against relevant benchmarks. The client's independent custodian also provides regular account statements directly to the client. The custodian's statement is the official record of the client's securities account and supersedes any statements or reports created on behalf of the client by JLTD.

Item 14: Client Referrals and Other Compensation

A. Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest

In addition to the information described in Items 10 and 12 of this Brochure, JLTD does receive economic benefits from external sources. JLTD does refer clients to certain investment management firms in return for an ongoing portion of the advisory fee received by such investment manager. All such arrangements are in compliance with Investment Advisers Act rule 206(4)-3. Generally, these requirements require the solicitor, JLTD, to have a written agreement with the investment management firm. JLTD must provide the client with a disclosure document describing the fees it receives from the investment management firm, whether those fees represent an increase in fees that the investment management firm would otherwise charge the client, and whether an affiliation exists between JLTD and the investment management firm.

B. Advisory Firm Payments for Client Referrals

JLTD does not pay for client referrals and does not receive any compensation other than advisory fees charged to its clients.

Item 15: Custody

Clients will receive at least quarterly account statements directly from their custodian containing a description of all activity, cash balances and portfolio holdings in their accounts. JLTD urges its clients to compare the account balance(s) shown on their JLTD performance review to the quarter-end balance(s) on their custodian's monthly statement. The custodian's statement is the official record of the account.

Item 16: Investment Discretion

Clients may grant a limited power of attorney to JLTD with respect to trading activity in their accounts by signing the appropriate custodian limited power of attorney form. In those cases, JLTD will exercise full discretion as to the nature and type of securities to be purchased and sold, and the amount of securities for such transactions. Investment limitations may be designated by the client as outlined in the investment advisory agreement.

Item 17: Voting Client Securities

JLTD will not vote proxies on behalf of advisory client accounts, although on rare occasions and only at the client's request, JLTD may offer clients advice regarding corporate actions and the exercise of proxy voting rights. Ultimately, clients owning shares of common stock or mutual funds must exercise their own right to vote as a shareholder.

From time to time, securities held in clients' accounts will be the subject of class action lawsuits. JLTD has no obligation to determine if securities held by clients are subject to a pending or resolved class action lawsuit. JLTD also has no duty to evaluate a client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, JLTD has no obligation or responsibility to initiate litigation to recover damages on behalf of clients who may have been injured because of actions, misconduct or negligence by corporate management of issuers whose securities are held by clients. However, JLTD will forward to clients any proxy materials or information received by the firm regarding class action legal matters involving securities held in client accounts. In the unlikely event that JLTD receives written or electronic proxy materials or notices of class action lawsuits, settlements or verdicts affecting securities owned by a client, it would forward all notices, proof of claim forms and other materials to such client. Electronic mail is acceptable where appropriate and if authorized by the client to be contacted in this manner.

Item 18: Financial Information

A. Balance Sheet

JLTD does not require the prepayment of fees of \$1,200 or more, six months or more in advance, and as such is not required to file a balance sheet.

B. Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients

JLTD does not have any financial issues that would impair its ability to provide services to clients.

C. Bankruptcy Petitions During the Past Ten Years

There are no bankruptcy petitions to report.