

Item 1 – Cover Page



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Form ADV Part 2A  
Firm Brochure  
February 10, 2015

This brochure provides information about the qualifications and business practices of C & J Wealth Advisors. If you have any questions about the contents of this brochure, please contact Ms. Jennifer Huskey at (865) 481-0385.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. Additional information about C & J Wealth Advisors also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

While the firm and its associates may be registered with the SEC, it does not imply a certain level of skill or training on the part of the firm or its associated personnel.

## **Item 2 - Material Changes**

C & J Wealth Advisors amended its March 24, 2014 Form ADV Part 2A firm brochure to reflect an update to reportable assets under management as of its most recent fiscal year end (see Item 4), as well as the elimination of one of our recommended custodians and additional information involving our operational practices via our remaining custodian (Item 12). Editing and formatting refinements have also been made to this brochure.

The firm may at any time update this document and either send a copy of its updated brochure or provide a summary of material changes to its brochure and an offer to send an electronic or hard copy form of the updated brochure. Clients are also able to download this brochure from the SEC's Website: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or you may contact our firm at (865) 481-0385.

As with all firm documents, clients and prospective clients are encouraged to review this brochure in its entirety and are encouraged to ask questions at any time prior to or throughout the engagement.

### **Item 3 - Table of Contents**

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### **Important Information**

Throughout this document, C&J Wealth Advisors shall also be referred to as the “firm,” “our,” “we” or “us.” The client or prospective client may also be referred to as “you,” “your,” etc., and refers to a client engagement involving a single *person* as well as two or more *persons*. The term “advisor” and “adviser” are used interchangeably where accuracy in identification is necessary (i.e., Internet address, etc.).

## **Item 4 - Advisory Business**

### **Information about Our Firm**

Coulter & Justus Financial Services, LLC is a Tennessee limited liability company doing business as C & J Wealth Advisors. Our firm is an independent, fee-based wealth management firm serving the greater Knoxville and Oak Ridge, TN communities. Our focus is in helping clients achieve their goals through the development and implementation of financial plans, combined with a value-based investment discipline that protects and grows client wealth.

As an independent, fee-based wealth management firm, we do not have an incentive to generate commissions, nor do we have an incentive to sell proprietary products and services. Our focus is simply to give you objective, experienced advice that puts your interests first.

Our firm is not a subsidiary of nor do we control another entity. In addition to our 2004 formation and 2005 registration as an investment advisor with the SEC, our firm and its associates may notice-file (register) or meet certain exemptions to registration in other jurisdictions in which we conduct business. Our firm does not have a reportable threshold, per SEC guidance, of its members' (shareholders) equity interests.

We provide a broad range of investment advisory services to our clients. Approximately 80% of our business involves providing ongoing and continuous supervision of our client's portfolio (termed *investment supervisory services*). Approximately 10% of our business finds us engaged in furnishing investment advice through periodic consultations (termed *investment consultation*), which does not include ongoing supervision or management of an investment account. The remaining 10% of our efforts are focused on *financial planning services*; working with our clients in such areas as cash flow and budgeting, retirement planning, risk management and estate planning. We do not sponsor or serve as a portfolio manager in any investment program involving wrapped fees.

As of our December 31, 2014 year-end, the firm had approximately \$174.6 million dollars<sup>1</sup> of client assets under management through discretionary account agreements (as defined in Item 16).

### **Getting Started**

An initial complimentary interview is conducted by a qualified representative of our firm to determine the scope of services to be provided. During or prior to this meeting, we will provide you with our current Form ADV Part 2 firm brochure, privacy policy, as well as the brochure supplement about the representative who will be working with you. We will ensure material conflicts of interest are disclosed regarding our firm and its employees that could be reasonably expected to impair the rendering of unbiased and objective advice.

Should you wish to engage our firm, we must first enter into a written agreement; thereafter, discussion and analysis will be conducted to determine your financial needs, goals, holdings, etc. Depending on the scope of the engagement, we may require current copies of the following documents early in the process:

- Wills, codicils and trusts

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<sup>1</sup>The term "assets under management" and rounding to the nearest \$100,000 are as defined by the SEC's 2010 *General Instructions for Part 2 of Form ADV*.

- Insurance policies
- Mortgage information
- Tax returns
- Current financial specifics including W2s or 1099s
- Information on current retirement plans and benefits provided by your employer
- Statements reflecting current investments in retirement and non-retirement accounts
- Completed risk profile questionnaires or other forms provided by our firm

It is important that the information and financial statements you provide are accurate. We may, but are not obligated to, verify the information you have provided, which will then be used in the financial planning or investment advisory process.

### Financial Planning Services

Our services may involve consultation, analysis, and recommendations in the six areas of financial planning, which include (1) financial situation, (2) income taxes, (3) insurance, (4) investments, (5) retirement planning, and (6) estate planning.

In order to determine a suitable course of action for an individual client, our investment advisor representatives will meet with you to gather all pertinent information and will assist you in determining your financial goals and objectives and the level of financial planning service that may best fit your needs. This review may include, but would not necessarily be limited to, investment objectives, consideration of your overall financial condition, income and tax status, personal and business assets, risk profile, and other factors unique to your particular circumstances.

We offer our financial planning services in the following forms: (1) a comprehensive financial plan, (2) a segmented financial plan, (3) an ongoing financial plan, and (4) individual consultations. Under each of these financial planning options, we will generally issue a written analysis and report of recommendations in accordance with your goals and objectives. Depending on the level of your financial planning needs, our written financial plans may include but would not be limited to the following topical areas:

- Prepare an annual net worth statement
- Create a cash flow statement
- Review current investments
- Review client's most recent tax returns
- Review client's life and disability insurance
- Review client's estate plan
- Complete a retirement analysis
- Provide education planning advice

We may offer projections of your likelihood of achieving your financial goal(s), including but not limited to retirement, education funding, charitable giving and wealth transfer.

For situations in which projections show less than the desired results, we may make recommendations that include showing you the impact on those projections by making changes in certain variables (i.e., working longer, saving more, spending less, taking more risk with investments). If you are near retirement or already retired, advice may be given on appropriate distribution strategies to minimize the likelihood of running out of money or having to adversely alter your spending during your retirement years.

We will provide you with written recommendations and deliverables as specified in your engagement agreement. These recommendations or services may be broad-based or more narrowly focused, as you desire. Note that when these services focus only on certain areas of your interest or need, your overall financial situation or needs may not be fully addressed due to the limitations you may have established.

In all instances, you will retain full discretion over all implementation decisions and are free to accept or reject any recommendation we make. Further, it remains your responsibility to promptly notify us if there is any change in your financial situation or investment objectives for the purpose of our reviewing, evaluating, or revising previous recommendations and/or services.

Upon completion of our presentation or delivery of advice, our financial planning engagement is typically concluded (unless we are engaged under an ongoing financial plan agreement); however, you are encouraged to contact our firm at any time in the future to re-engage our services.

#### Individual Consultations

We also provide advisory or consulting services not involving the other services previously described but still pertaining to investments or investment-related matters. As part of these services, we may or may not provide any written documentation or other work product. Such services may include the following:

- Insurance-related services and planning
- Consultation involving 401(k) or other forms of retirement plans
- One-time analysis of investment accounts/portfolios
- Telephonic, electronic, or in-person consultations/communications regarding investments or investment-related matters
- Serving as an expert witness in judicial or arbitration proceedings
- Conferring with other professionals or service providers (i.e., accountants, attorneys, etc.) regarding investments or investment-related matters on your behalf
- Other service as may be specifically requested

We will not possess or exercise investment discretion with respect to this service offering. Depending upon the particular engagement, we may or may not produce written documentation that supports recommendations or conclusions reached as a result of carrying out these services.

If you wish to engage us for services not specifically mentioned or referred to in the services noted above, you may provide us with guidance as to the scope of the engagement. Regardless of the services ultimately requested, the specific services and corresponding fees will be set forth in your engagement agreement.

### Investment Supervisory Services

You may also choose to engage our firm to implement the investment strategies we have recommended to you. Our strategies and primary choice of investment vehicles are described in further detail in Item 8 of this brochure.

We provide our investment supervisory services under either a discretionary or non-discretionary account authority agreement (defined in Item 16), and our services generally include the following:

- Investment strategy
- Asset allocation
- Asset selection
- Risk tolerance
- Regular portfolio monitoring
- Periodic rebalancing

Where applicable, we will assist you in preparing an investment policy statement, or similar document, reflecting your investment objectives, time horizon, tolerance for risk, as well as any account constraints. Your investment policy statement will be designed to be specific enough to provide future guidance while concurrently allowing flexibility to respond to changing market conditions. Since the investment policy statement, to a large extent will be a product of information and data you have provided, you will be responsible for reviewing and providing final approval of the document/plan.

### Customization of Our Advisory Services

To the fullest extent possible, we will endeavor to tailor our advisory services to meet your specific needs. In order to determine a suitable course of action, we will perform a review of your financial circumstances and the review may include, but would not necessarily be limited to, investment objectives, consideration of your overall financial condition, income and tax status, personal and business assets, risk profile, and other factors unique to your particular situation.

You are free to impose reasonable restrictions or other conditions with regard to how we provide our advisory services. If we agree to such restrictions and/or conditions, be advised that your restrictions and guidelines may affect the composition and performance of your portfolio. As a result, the performance of custom portfolios within the same investment objective may differ and you should not expect that the performance of a custom portfolio will be identical to any other portfolio performance, as well as any recommendations that may have been provided.

### General Information

We do not provide legal or accounting services. With your consent, we may work with your other advisors (i.e., attorneys, accountants, etc.) to assist with coordination and implementation of accepted strategies. You should be aware that these other advisors will likely bill you separately for their services and these fees will be in addition to those of our firm.

Our firm will use its best judgment and good faith effort in rendering its services. C & J Wealth Advisors cannot warrant or guarantee the achievement of a planning goal or any particular level of account performance or that your account will be profitable over time. Past performance is not necessarily indicative of future results.

Except as may otherwise be provided by law, our firm will not be liable to the client, heirs, or assignees for any loss that an account may suffer by reason of an investment decision made or other action taken or omitted in good faith by our firm with the degree of care, skill, prudence and diligence under the circumstances that a prudent person acting in a fiduciary capacity would use; any loss arising from our adherence to your direction or that of your legal agent; any act or failure to act by a service provider maintaining an account. Federal and state securities laws impose liabilities under certain circumstances on persons who act in good faith, therefore, nothing contained in this document or client agreement shall constitute a waiver of any rights that a client may have under federal and state securities laws.

## **Item 5 - Fees and Compensation**

### **Types of Fee Arrangements**

#### ***Financial Planning Services Fees***

Our financial planning services fees take into consideration factors such as the estimated amount of time dedicated to the engagement, as well as the complexity of your project and your financial profile. The following table describes our fees under our four financial planning scenarios:

**Financial Planning Services – Fee Table**

<b>Service</b>	<b>Fee Type</b>	<b>Fee Amount/Range</b>
Comprehensive Financial Plan	One-time fixed/flat fee	Varies by client; \$750 minimum fee
Segmented Financial Plan	One-time fixed/flat fee	Varies by client; \$750 minimum fee
Ongoing Financial Plan	Annual fixed/flat fee	Varies by client; fee generally does not exceed \$7,500
Individual Consultations	Hourly	\$175 per hour, assessed in fifteen-minute increments
	One-time fixed/flat fee	\$150 - \$500

#### ***Individual Consultation Services Fees***

We provide advisory or consulting services involving non-securities matters under either a fixed or hourly fee basis. Our non-annual fixed fee ranges from \$750 - \$10,000, and our hourly fee rate ranges from \$150 - \$500 per hour.

#### ***Asset-Based Fees***

Under our investment supervisory services program, you will be assessed a tiered, annualized asset-based fee that will be calculated based on the account value at the end of the previous reporting period. The initial asset-based fee will not exceed 1.2% of your assets under our management and will be fully disclosed within your client profile and advisory agreement. Fees will be billed quarterly, in advance.

For the benefit of discounting your asset-based fee, we may aggregate investment supervisory services accounts for the same individual or two or more accounts within the same family, or accounts where a family member has power of attorney over another family member's or incompetent person's account.



Should investment objectives be substantially different for any two or more household accounts, requiring different investment approaches or operational requirements, we reserve the right to apply our fee schedule separately to each account.

For all noted forms of engagement, the services that are to be provided to you and the fee range will be detailed specifically in your engagement agreement. Our fees may be negotiable and are solely at the discretion of a firm principal. We believe our fees are reasonable in light of the experience of the assigned investment advisor representative and the services to be rendered.

#### Payment of Fees

##### ***Hourly and Fixed Fees***

You will be directly invoiced for financial planning and individual consultation services by the fifth business day of the month subsequent to the most recently ended billing period. Payments are due on or by the final business day of the month in which the invoice is generated. Specific fee arrangements will be stated in your engagement agreement with our firm.

##### ***Asset-Based Fees***

An annualized asset-based fee will be billed quarterly, in advance. Fee payments will generally be assessed within fifteen days of the first month for each quarterly billing period. A new account's first billing cycle may occur once the agreement is executed and accounts are funded. For partial periods under our management, your account will be assessed a pro-rated fee.

Accounts will be valued in accordance with the values disclosed on the statement the client receives from the custodian for the purpose of verifying the computation of the advisory fee. In the absence of a market value, we may seek an independent third-party opinion or through a good faith determination by a qualified associate of our firm.

You will be required to authorize our firm in writing to direct the selected custodian or broker/dealer ("service provider") to deduct our advisory fees from your account, and all fees will be clearly noted on your statements. The authorization to withdraw our advisory fees will remain valid until our firm receives written revocation of such authorization from you. In connection with this fee deduction process, your service provider will send you a statement, at least quarterly, indicating all amounts disbursed from your account, and the amount of advisory fees paid directly to our firm. Please note that you share in the responsibility to verify the accuracy of fee calculations; the custodian may not verify the accuracy for you.

#### Additional Client Fees

Any transactional or custodial fees assessed by selected service providers, individual retirement account fees or qualified retirement plan account termination fees will be borne by you and are as provided in the current, separate fee schedule of the selected service provider. Fees paid to our firm for our services are separate from any transactional charges you may pay as well as those for mutual funds, exchange-traded funds (ETFs), exchange-traded notes (ETNs) or other investments of this type.

Further information about our fees in relationship to our operational practices is noted in Items 12 and 14 of this document.

### External Compensation for the Sale of Securities to Clients

Our firm and its associates are engaged for fee-only services, and we attempt to recommend “no load” investments whenever appropriate. We do not charge or receive a commission or mark-up on your securities transactions, nor will the firm and our associates be paid a commission on your purchase of a securities investment that we recommend.

We do not receive “trailer” or SEC Rule 12b-1 fees from an investment company offering that we may recommend. Fees charged by issuers are detailed in prospectuses or product descriptions and you are encouraged to read these documents before investing. Our firm and its associates receive none of these described or similar fees or charges.

You will always have the option to purchase recommended investments through your selected service provider.

### Prepayment of Fees

We may require an initial deposit for financial planning and individual consultation engagements in the amount of one-half of the estimated fee range, which will be defined in your engagement agreement. As noted earlier, we will withdraw our investment supervisory services fees in advance on a quarterly basis.

### Termination of Services

Either you or we may terminate the agreement at any time, in writing. Should you verbally notify our firm of the termination and, if in two business days following this notification we have not received your notice in writing, we will make a written notice of the termination in our records and send you our own termination notice as a substitute.

If you are a new client, you may terminate an agreement with our firm within five business days after the signing of our engagement agreement without penalty or charge. Should you terminate an engagement after this date, you may be invoiced for any time charges incurred by our firm in the preparation of your financial plan. In the case of any prepaid fees, we will promptly return any unearned amount upon receipt of a written termination notice.

For investment supervisory services accounts, we will calculate a prorated refund of any fees not yet earned by us after the effective termination date of the engagement agreement. The prorated refund will equal the total number of calendar days remaining in the billing period after the effective date of termination to the end of that billing period divided by the total number of calendar days in that billing period. The result of that calculation will be multiplied by the total fee already paid for that billing period. The result of the calculation will represent the refund owed to you. Refunds of advance payments owed back to you shall be paid as soon as reasonably possible but it may not be sooner than ten business days after our receipt of a proper termination notice.

For those accounts in which we provide investment supervisory services, our firm will not be responsible for future allocations, transactional services or investment advice upon receipt of a termination notice. Upon termination C & J Wealth Advisors will inform the account custodian that the account relationship between the firm and the client has been terminated.

### **Item 6 - Performance-Based Fees and Side-By-Side Management**

Our fees will not be based upon a share of capital gains or capital appreciation (growth) of any portion of managed funds, also known as performance-based fees. Performance-based compensation creates an incentive for a firm to recommend an investment that may carry a higher degree of risk to a client. Our firm does not use a performance-based fee structure because of the conflict of interest this type of fee structure may pose.

Our fees will not be based on side-by-side management, which refers to a firm simultaneously managing accounts that do pay performance-based fees (such as a hedge fund) and those that do not; this type of arrangement, and the conflict of interest it may pose, does not conform to our firm's practices.

### **Item 7 - Types of Clients**

We provide our services to individual investors, trusts, estates, foundations and charitable organizations, and retirement plan sponsors to assist them in meeting their objectives in what we believe to be a cost-effective way. Our ability to provide our services depends on access to important information. Accordingly, you are expected to provide us with an adequate level of information and supporting documentation throughout the term of the engagement, including but not limited to source of funds, income levels, your or your legal agent's authority to act on behalf of the account, among other information. This helps us determine the appropriateness of our financial planning or investment strategy for you and your account.

It is very important that you keep us informed of significant changes that may call for an update to your financial and investment plans. Events such as job changes, early retirement, marriage or divorce, or the purchase or sale of a home or business can have a large impact on your circumstances and needs. We need to be aware of such events, so we can make the adjustments needed to your plan or advice in order to keep you on track toward your goals.

Our firm requires a minimum level of assets of \$25,000 for its investment supervisory services. We reserve the right to waive or reduce certain fees based on unique individual circumstances, special arrangements, pre-existing relationships, or as otherwise determined by our firm principal. We also reserve the right to decline services to any prospective client for any non-discriminatory reason.

### **Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss**

#### **Methods of Analysis and Investment Strategies**

##### ***Method of Analysis***

If we are engaged to provide investment advice, we will first gather and consider information regarding several factors, including your:

- current financial situation
- current and long-term needs
- investment goals and objectives
- level of investment knowledge
- social concerns
- tolerance for risk

We typically employ a fundamental analysis to develop our investment strategies. Fundamental analysis involves the attempt to identify the intrinsic value (i.e., the actual, true or real value) of an investment instrument by examining any related economic, financial, and other quantitative or qualitative factor relevant to that instrument.

Fundamental analysis can take into account anything that may impact the underlying value of the instrument. Examples of such things may include large-scale economic issues such as the overall condition or current cycle of the economy, industry-specific or sector-specific conditions, etc. Other company or issuer-specific factors may also be taken into consideration such as the company's/issuer's current financial condition, management experience and capabilities, legal or regulatory matters, the overall type and volume of current and expected business, etc.

One of the goals of fundamental analysis is to attempt to derive a value that can be compared to the current market price for a particular financial instrument in hopes of determining whether the instrument is overpriced (time to sell) or underpriced (time to buy).

In addition to our own research, the firm's recommendations may also be drawn from research sources that include financial publications, investment analysis and reporting software, materials from outside sources, annual reports, prospectuses and other regulatory filings, and company press releases.

We make asset allocation and investment policy decisions based on these and other factors. We will discuss with you how, in our best judgment, to meet your objectives while at the same time seeking a prudent level of risk exposure.

### ***Investment Strategies***

We believe diversification is a sound investment practice that seeks to lower portfolio risk by combining asset classes that are less than perfectly correlated. Our goal through diversification is to achieve higher long-term risk-adjusted investment returns. There are four principal avenues through which we diversify client assets: asset class, size, geographic, and managerial. Investment style is the only area where we do not seek diversification, since all client accounts are uniformly managed.

Asset classes that may be used in managing your account include stocks, bonds, real estate, and cash equivalents. Within stocks, we will diversify across market capitalization by investing in a combination of large-cap, mid-cap, and small-cap companies. Geographic diversification will be managed through owning international equities (both in developed and emerging markets) and international bonds (both in developed and emerging markets). Finally, we will seek to diversify portfolios using multiple managers, matching each manager to their area of expertise.

The number of managers selected will vary across accounts, depending upon account size and overall client objectives. No direct allocations will be made to currencies, futures, or options, unless specifically mandated by the client.

## Potential Risks Involving Our Strategy and Method of Analysis

### ***Investment Strategy Risks***

We believe our strategies and investment recommendations are designed to produce the appropriate return for a given level of risk; however, we cannot guarantee that an investment objective or planning goal will be achieved.

As an investor you must be able to bear the risk of loss that is associated with your account, which may include the loss of some of or your entire principal. In general, risks may include those associated with markets, interest rates, management, among others.

**Active Management Strategies** – A portfolio that employs active management strategies may, at times, outperform or underperform various benchmarks or other strategies. In an effort to meet or surpass these benchmarks, active portfolio management may require more frequent trading or “turnover.” This may result in shorter holding periods, higher transactional costs and/or taxable events that could be borne by the client, thereby potentially reducing or negating certain benefits of active management.

**Company Risk** – When investing in securities, there is always a certain level of company or industry-specific risk that is inherent in each company or issuer. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry.

**Firm Research** – When the firm’s research and analyses are based on commercially available software, rating services, general market and financial information, or due diligence reviews, the firm is relying on the accuracy and validity of the information or capabilities provided by selected vendors, rating services, market data, and the issuers themselves. The firm makes every effort to determine the accuracy of the information received but it cannot predict the outcome of events or actions taken or not taken, or the validity of all information it has researched or provided, which may or may not affect the advice on or investment management of an account.

**Fundamental Analysis** – The risk involved in employing fundamental analysis is that information obtained may be incorrect; the analysis may not provide an accurate estimate of earnings, which may be the basis for a security’s value. If a security’s price adjusts rapidly to new information, a fundamental analysis may result in unfavorable performance.

**Management Risk** – An investment with a firm varies with the success and failure of its investment strategies, research, analysis and determination of its portfolio. If an investment strategy were not to produce expected returns, the value of the investment would decrease.

**Market Risk** – When the stock market as a whole or an industry as a whole falls, it can cause the prices of individual stocks to fall indiscriminately. This is also called systemic risk.

**Socially Conscious Investing** – If you require your portfolio to be invested according to socially conscious principles, you should note that returns on investments of this type may be limited and because of this limitation you may not be able to be as well diversified among various asset classes.

The number of publicly traded companies that meet socially conscious investment parameters may also be limited and, due to this limitation, there is a probability of similarity or overlap of holdings, especially among socially conscious mutual funds or ETFs. Therefore, there could be a more pronounced positive or negative impact on a socially conscious portfolio, which could be more volatile than a fully diversified portfolio.

### ***Security-Specific Material Risks***

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

*ETF/ETN and Mutual Fund Risk* – ETFs/ETNs or mutual funds may carry additional expenses based on their pro-rated share of the ETF or mutual fund operating expenses and certain brokerage fees, which may include the potential duplication of certain fees. The risk of owning an ETF/ETN or mutual fund also generally reflects the risks of the underlying securities.

### ***Fixed Income Risks***

Various forms of fixed income, such as bonds, money market funds, certificates of deposit, may be affected by various forms of risk, including:

- *Interest Rate Risk* - The risk that the value of the fixed income holding will decrease because of an increase in interest rates.
- *Liquidity Risk* - The inability to readily buy or sell an investment for a price close to the true underlying value of the asset due to a lack of buyers or sellers. While certain types of fixed income are generally liquid (i.e., bonds), there are risks which may occur such as when an issue trading on any given period does not readily support buys and sells at an efficient price. Conversely, when trading volume is high, there is also a risk of not being able to purchase a particular issue at the desired price.
- *Credit Risk* - The potential risk that an issuer would be unable to pay scheduled interest or repay principal at maturity, sometimes referred to as “default risk.” Credit risk may also occur when an issuer’s ability to make payments of principal and interest when due is interrupted. This may result in a negative impact on all forms of debt instruments, as well as funds or ETF share values that hold these issues. Bondholders are creditors of an issuer and have priority to assets before equity holders (i.e., stockholders) when receiving a payout from liquidation or restructuring. When defaults occur due to bankruptcy, the type of bond held will determine seniority of payment.
- *Reinvestment Risk* – With declining interest rates, investors may have to reinvest interest income or principal at a lower rate.
- *Duration Risk* - Duration is a measure of a bond’s volatility, expressed in years to be repaid by its internal cash flow (interest payments). Bonds with higher durations carry more risk and have higher price volatility than bonds with lower durations.

**Index Investing** – ETFs/ETNs and indexed funds have the potential to be affected by “tracking error risk,” as earlier described. Therefore, we may choose to reduce the weighting of a holding or use a “replicate index” position to minimize the effects of the tracking error in relation to the overall portfolio.

**QDI Ratios** – While many ETFs/ETNs and index mutual funds are known for their potential tax-efficiency and higher “qualified dividend income” (QDI) percentages, there are asset classes within these investment vehicles or holding periods within that may not benefit. Shorter holding periods, as well as commodities and currencies (that may be part of an ETF/ETN or mutual fund portfolio), may be considered “non-qualified” under certain tax code provisions. We consider a holding’s QDI when tax-efficiency is an important aspect of the client’s portfolio.

**REITs** – Risks involved with real estate investment trust (REIT) investing may include:

- following the sale or distribution of assets an investor may receive less than their principal invested
- a lack of a public market in certain issues
- limited liquidity and transferability
- a fluctuation of value of the assets within the REIT
- reliance on the investment manager to select and manage assets
- changes in interest rates, laws, operating expenses, and insurance costs
- tenant turnover
- current market conditions

#### **Item 9 - Disciplinary Information**

Neither C & J Wealth Advisors nor any member of our firm’s management has been involved in a material criminal or civil action, administrative enforcement, or self-regulatory organization proceeding that would reflect upon our firm’s advisory business or the integrity of our firm.

#### **Item 10 - Other Financial Industry Activities and Affiliations**

Our policies require our firm and its associates to conduct business activities in a manner that avoids or mitigates conflicts of interest between the firm, its employees, and its clients, or that may be contrary to law. We will provide disclosure to each client prior to and throughout the term of an engagement regarding any conflicts of interest that might reasonably compromise our impartiality or independence.

Neither the firm, management, nor its associates are registered or have an application pending to register as a Financial Industry Regulatory Authority (FINRA) or National Futures Association (NFA) member firm, or as an associated person of the foregoing entities, nor are we required to be so registered. In addition, neither the firm nor its management is or has a material relationship with any of the following types of entities:

- financial institution, such as a bank, credit union or thrift
- lawyer or law firm
- pension consultant
- real estate broker or dealer
- sponsor or syndicator of limited partnerships

- trust company
- investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or hedge fund, and offshore fund)

Upon your request, you may be provided a referral to various professionals, such as an attorney. While these referrals are based on our best information, we do not guarantee the quality or adequacy of the work provided by these referred professionals. We do not have an agreement with or receive fees from these professionals for these informal referrals. Any fees charged by these other entities for their services are completely separate from fees charged by our firm.

Certain associates of the firm and its members (shareholders) are also owners of and certified public accountants with the accounting firm of Coulter and Justus, P.C. Clients requiring accounting services may be referred to Coulter and Justus, P.C. but will be under no obligation to utilize these services.

Associated persons of the firm may also be licensed insurance agents offering annuities, life, health or long term care insurance of various unaffiliated insurance companies through the firm's insurance agency affiliate CJIS, LLC. Therefore, an associate may serve a client in one or more capacities, whether as an investment advisor representative or insurance agent. Our associates are required to disclose, in advance of the transaction or service, the capacity in which they are serving a client, to include the potential or actual conflict of interest the role or service to be provided may incur, as well as how they will be compensated for their services or recommendation.

We do not provide recommendations to or make selection of third-party registered investment advisor firms to manage our client portfolios. To periodically assist us in the development and update of our client financial plans, we have engaged a qualified, independent financial planner. This engagement includes a non-disclosure agreement, restricting the release of certain sensitive client information, as well as the employment of secure data transfer points to ensure privacy security.

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

C & J Wealth Advisors believes that its business methodologies, ethics rules, and adopted policies are appropriate to eliminate or at least minimize potential material conflicts of interest and to appropriately manage any material conflicts of interest that may remain. Clients should be aware that no set of rules can possibly anticipate or relieve all potential material conflicts of interest. Our firm will disclose to advisory clients any material conflict of interest relating to the firm, its representatives, or any of its employees which could reasonably be expected to impair the rendering of unbiased and objective advice.

#### **Code of Ethics**

We have adopted a Code of Ethics that establishes policies for ethical conduct for all our personnel. Our firm accepts the obligation not only to comply with all applicable laws and regulations but also to act in an ethical and professionally responsible manner in all professional services and activities. Our policies include prohibitions against insider trading, circulation of industry rumors, and certain political contributions, among others.



We periodically review and amend our Code of Ethics to ensure that it remains current, and we require all firm access persons to annually attest to their understanding of and adherence to the Code of Ethics. Our firm will provide a copy of its Code of Ethics to any client or prospective client upon request.

### Privacy Policy

C & J Wealth Advisors is committed to safeguarding the confidential information of its clients and holds all personal information provided to it in the strictest confidence.

We may also have relationships with insurance companies, trust companies, custodians and other financial institutions. Except as required or permitted by law, C & J Wealth Advisors does not share confidential information about clients with non-affiliated third parties. In the unlikely event there were to be a change in this fundamental policy that would permit additional disclosures of clients' confidential information, C & J Wealth Advisors will provide written notice to clients, and they will be given an opportunity to direct whether such disclosure is permissible.

### ***AN IMPORTANT NOTICE CONCERNING CUSTOMER PRIVACY***

#### ***Customer Information Collected***

C & J Wealth Advisors collects and develops personal information about clients and some of that information is non-public personal information (Customer Information). The essential purpose for collecting Customer Information is to provide and service the financial products and services obtained from C & J Wealth Advisors. The categories of Customer Information collected by C & J Wealth Advisors depend upon the scope of the engagement with it and are generally described below. As an investment advisor, C & J Wealth Advisors collects and develops Customer Information about clients in order to provide investment advisory services. Customer Information collected includes:

- Information received from clients on financial inventories through consultation with C & J Wealth Advisors' representatives. This Customer Information may include personal and household information such as income, spending habits, investment objectives, financial goals, statements of account, and other records concerning clients' financial condition and assets, together with information concerning employee benefits and retirement plan interests, wills, trusts, mortgages and tax returns
- Information developed as part of financial plans, analyses or investment advisory services
- Information concerning investment advisory account transactions
- Information about clients' financial products and services transactions with C & J Wealth Advisors

#### ***Data Security***

C & J Wealth Advisors restricts access to Customer Information to those representatives and employees who need the information to perform their job responsibilities within the firm. C & J Wealth Advisors maintains agreements, as well as physical, electronic and procedural security measures that comply with federal regulations to safeguard Customer Information about clients.

#### ***Use and Disclosure of Customer Information to Provide Customer Services for Client Accounts***

To administer, manage and service client accounts, process transactions and provide related services for client accounts, it is necessary for C & J Wealth Advisors to provide access to Customer Information

within the firm and to non-affiliated companies such as broker/dealers, trust companies, custodians and insurance companies. C & J Wealth Advisors may also provide Customer Information outside of the firm as permitted by law, such as to government entities, consumer reporting agencies or other third parties in response to subpoenas.

### ***Former Clients***

If clients close an account with C & J Wealth Advisors, the firm will continue to operate in accordance with the principles stated in the Notice.

### ***Requirements of Federal Law***

In November of 1999, Congress enacted the Gramm-Leach-Bliley Act (GLBA). The GLBA requires certain financial institutions, including broker/dealers and investment advisors, to protect the privacy of Customer Information. To the extent a financial institution discloses Customer Information to non-affiliated third parties other than as permitted or required by law, customers must be given the opportunity and means to opt out (or prevent) such disclosure. Please note that C & J Wealth Advisors does not disclose Customer Information to non-affiliated third parties except as permitted or required by law (e. g., disclosures to service your account or to respond to subpoenas).

### **Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest**

Neither our firm, its associates or any related person is authorized to recommend to a client, or effect a transaction for a client, involving any security in which our firm or a related person has a material financial interest, such as in the capacity as an underwriter, advisor to the issuer, etc.

Our employees are prohibited from borrowing from or lending to a client unless the client is an approved financial institution.

C & J Wealth Advisors recognizes that should it act as the advisor to the sponsor of an ERISA-qualified retirement plan (i.e., 401(k) or pension plan), and one of the firm's representatives serves in an advisory capacity to one or more of the plan's participants, a potential or implied conflict of interest may occur. When appropriate, the firm may offset certain advisory fees as determined by C & J Wealth Advisors' Chief Compliance Officer.

Our firm is able to provide a broad range of services to you and all of our clients, including financial planning, individual consultation, investment supervisory services, among others; we may be paid a fee for all of these services. Due to our firm's ability to offer two or more of these services and possibly receive a fee for each engagement, a potential conflict of interest may exist. Therefore, we note that you are under no obligation to act on our recommendations and, if you elect to do so, you are under no obligation to complete all of them through our firm or recommended service providers.

### **Firm/Personnel Purchases of Same Securities Recommended to Clients and Conflicts of Interest**

Our firm and its "related persons" may buy or sell securities similar to, or different from, those we recommend to clients for their accounts. A recommendation made to one client may be different in nature or in timing from a recommendation made to a different client. Clients often have different objectives and risk tolerances. At no time will our firm or any related party receive preferential treatment over our clients.

In an effort to reduce or eliminate certain conflicts of interest involving the firm or personal trading, our policy may require that we restrict or prohibit associates' transactions in specific reportable securities transactions. Any exceptions or trading pre-clearance must be approved by the firm principal in advance of the transaction in an account, and we maintain the required personal securities transaction records per regulation.

## **Item 12 - Brokerage Practices**

### **Factors Used to Select Broker/Dealers for Client Transactions**

C & J Wealth Advisors does not maintain custody of any client assets. Your assets must be maintained in an account at a "qualified custodian," generally a broker/dealer or bank ("service provider"). We may recommend you continue to hold assets at the service provider with whom your assets are currently maintained. Should you prefer a new service provider, our recommendation of another service provider will be based on your needs, overall cost, and ease of use.

When we are engaged to provide our investment supervisory services, the custodian we prefer to use is the institutional services division of TD Ameritrade, Inc. Member FINRA/SIPC/NFA.<sup>2</sup> TD Ameritrade will hold your assets in a brokerage account and buy and sell securities when we instruct them. C & J Wealth Advisors and TD Ameritrade are not affiliated entities.

While we recommend that you use TD Ameritrade as custodian of record, you will decide whether to do so and will open your account with TD Ameritrade by entering into an account agreement directly with them. We do not open the account for you, although we will assist you in doing so. If you do not wish to place your assets with TD Ameritrade, then we potentially may not be able to manage your account under our investment supervisory services engagement. If we are able to open your account at another custodian that we will supervise on your behalf, we may assess our current hourly rate for manually entering the secondary custodian's account data into our performance reporting tools.

TD Ameritrade offers independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Our firm receives certain benefits from TD Ameritrade through participation in one or more of their support programs (please see Item 14 for further information).

We periodically conduct an assessment of any service provider we recommend, including TD Ameritrade, which includes a review of their range of services, reasonableness of fees, among other items, and in comparison to their industry peers.

### **Best Execution**

Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed in the earlier paragraph. We recognize our obligation in seeking "best execution" for our clients, however, it is our belief that the determinative factor is not always the lowest possible cost but whether the selected service provider's transactions represent the best "qualitative" execution while taking into consideration the full range of services provided.

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<sup>2</sup> C&J Wealth Advisors is not, nor required to be, a Securities Investor Protection Corporation (SIPC) member. You may learn more about SIPC and how it serves member firms and the investing public by going to their website at <http://www.sipc.org>.

We will therefore seek services involving competitive rates but it may not necessarily correlate into the lowest possible rate for each transaction. We have determined that having TD Ameritrade execute most trades is consistent with our duty to seek "best execution" of your trades.

We periodically review policies regarding our recommending service providers to our clients in light of our duty to seek "best execution."

#### Directed Brokerage

Our internal policy and operational relationship with our preferred custodian requires client accounts custodied with them to have trades executed per their order routing requirements. We do not direct which executing broker should be selected for client account trades; whether that is an affiliate of our preferred custodian or another executing broker of our custodian's choice. As a result you may pay higher commissions or other transaction costs, experience greater spreads, or receive less favorable net prices on transactions than might otherwise be the case. In addition, since we routinely recommend a custodian for our advisory clients, and that custodian may choose to use the execution services of its broker affiliate for some or all of our client account transactions, there is an inherent conflict of interest involving our recommendation since our advisory firm receives various products or services described in this section from that custodian. Note that we are not compensated for trade routing/order flow, nor are we paid commissions on such trades; we do not receive interest on our client accounts' cash balances.

As our client, you may direct our firm (in writing) to use another particular broker/dealer to execute some or all transactions for your account. In these circumstances, you will be responsible for negotiating, in advance, the terms and/or arrangements for your account with your selected broker/dealer. We will not be obligated to seek better execution services or prices from these other broker/dealers, or be able to aggregate your transactions, should we choose to do so, for execution through other custodians with orders for other accounts managed by our firm. As a result, you may pay higher commissions or other transaction costs, experience greater spreads, or receive less favorable net prices, on transactions for your account than would otherwise be the case. Pursuant to our obligation of best execution, we may decline a request to direct brokerage if we believe any directed brokerage arrangement would result in additional operational difficulties or risk to our firm.

#### Aggregating Securities Transactions for Client Accounts

Transactions for each client account generally will be effected independently. Since transactions are completed separately, you may potentially pay more for your transaction than those accounts where trades have been aggregated.

If the firm decides to purchase or sell the same securities for several clients at approximately the same time, the firm may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the firm's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day.

Commission prices may vary due to account size and/or confirmation receipt method. To the extent that the firm determines to aggregate client orders for the purchase or sale of securities, including securities in which the firm or its principal(s) and/or associated person(s) may invest, the firm will generally do so in accordance with the parameters set forth in SEC No-Action Letter, *SMC Capital, Inc.* The firm will not receive any additional compensation or remuneration as a result of the aggregation.

We will review both trade aggregation procedures and allocation processes on a periodic basis to ensure they remain within stated policies and regulation. We will inform you, in advance, should our trade aggregation and allocation practices change at any point in the future.

#### Trade Errors

The firm generally corrects trade errors through a Trade Error Account maintained by the firm's custodian, and the firm may be responsible for certain trade error losses in an account. Trading gains in accounts maintained at TD Ameritrade are swept out daily to a designated account and donated to a 501(c)(3) charity of their choice. TD Ameritrade will be obligated to disclose in their own literature to account holders whether such recipients' receipt of such donations presents a material conflict of interest.

#### Client Referrals from Custodians

We do not receive referrals from our preferred custodian; nor are client referrals a factor in our selection of a custodian.

### **Item 13 - Review of Accounts**

#### Recommended Reviews

##### ***Financial Planning Services***

You may contact our firm for additional reviews when there are material changes that occur in your financial situation (i.e., loss of a job, early retirement, receipt of a significant bonus, an inheritance, the birth of a new child, or other circumstances).

Periodic financial check-ups or reviews are recommended if you are receiving our financial planning services. We recommend that they occur on an annual basis whenever practical.

Reviews will be conducted by your assigned financial advisor and normally involve analysis and possible revision of your previous financial plan or investment allocation.

These reviews are generally under a new or amended agreement and will be assessed at our current hourly or fixed fee rate.

##### ***Investment Supervisory Services***

Investment supervisory services accounts are reviewed on a quarterly or more frequent basis by the assigned financial advisor, supervisory personnel (such as our designated principal), or a qualified independent entity engaged by our firm.

Additional reviews may be triggered by news or research related to a specific holding, a change in our view of the investment merits of a holding, or news related to the macroeconomic climate affecting a sector or holding within that sector.

Accounts may also be reviewed when an additional holding or an increase in a current position is under consideration.

Account cash levels above or below what we deem appropriate for the investment environment, given the client's stated tolerance for risk and investment objectives, may also trigger a review.

### Reports and Frequency

If you have opened and maintained an investment account on your own or with our assistance, you will receive account statements sent directly from mutual fund companies, transfer agents, custodians or brokerage companies where your investments are held.

We may provide portfolio reports if we are engaged to provide periodic asset allocation or investment advice; however, we do not provide ongoing performance reporting under our financial planning services engagements.

For our investment supervisory services accounts, we may provide quarterly portfolio statement and position performance summary reports, and annual realized gains/loss reports for taxable accounts. Some of our clients may receive additional reports depending on their specific requirements.

All performance reports will be prepared in accordance with the appropriate regulatory guidance. Clients are urged to carefully review and compare account statements that they have received directly from their service provider with any report received from our firm that contains performance information.

### **Item 14 - Client Referrals and Other Compensation**

#### Economic Benefit from External Sources and Potential Conflicts of Interest

##### ***Our Preferred Custodian***

We may receive an economic benefit from external sources in the form of the support products and services they make available to us and other independent investment advisors. As disclosed in Item 12, our firm participates in TD Ameritrade's institutional customer program and we may recommend TD Ameritrade to our clients for custody and brokerage services. There is no direct link between our participation in the program and the investment advice we give our clients, although our firm receives economic benefits through its participation in the program that are typically not available to TD Ameritrade "retail investors." These benefits include the following products and services (provided either without cost or at a discount):

- receipt of duplicate client statements and confirmations
- research related products and tools
- consulting services
- access to a trading desk serving our clients

- access to block trading (which provides our ability to aggregate securities transactions for execution and then allocate the appropriate shares to our client's accounts)
- the ability to have advisory fees deducted directly from our client's accounts per our written agreement
- access to an electronic communications network for client order entry and account information
- access to mutual funds with no transaction fees, and to certain institutional money managers
- discounts on compliance, marketing, research, technology, and practice management products or services provided to our firm by third party vendors

TD Ameritrade may have also paid for business consulting and professional services received by our firm. Some of the products and services made available by TD Ameritrade through their program may benefit C & J Wealth Advisors but may not benefit client accounts. These products or services may assist us in managing and administering our client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help our firm manage and further develop our business enterprise. The benefits received by our firm or its associates through participation in the program does not depend on the amount of brokerage transactions directed to TD Ameritrade.

We may also receive from TD Ameritrade certain additional economic benefits ("additional services") that may or may not be offered to other independent investment advisors participating in their program. Specifically, the additional services include Interactive Advisory Software valued at approximately \$10,000 per year. TD Ameritrade provides these additional services to our firm in its sole discretion and at its own expense, and our firm does not pay any fees to TD Ameritrade for these additional services. C & J Wealth Advisors and TD Ameritrade have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of these additional services. Our receipt of these additional services raises potential conflicts of interest and, in providing these additional services to our firm, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, our firm's client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the additional services agreement with C & J Wealth Advisors, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the additional services from TD Ameritrade, our firm may have an incentive to recommend to its clients that the assets under management by C & J Wealth Advisors be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. Our receipt of these additional services does not diminish our duty to act in the best interests of our clients, including seeking best execution of trades for client accounts.

As part of our fiduciary duty, C & J Wealth Advisors endeavor at all times to put the interests of our clients first. Our clients should be aware, however, that the receipt of any economic benefit by our firm or its associates in and of itself creates a potential conflict of interest and may indirectly influence our choice of TD Ameritrade for custody and brokerage services.

### ***Other Forms of External Compensation***

C & J Wealth Advisors associates may sell insurance products in their separate capacities as independently licensed insurance agents and earn sales commissions for insurance sales. Our affiliate, CJIS, LLC receives all insurance-based compensation earned by its associates and administers the payments of those commissions to each associated person.



Our firm from time to time may receive expense reimbursement for travel and/or marketing expenses from distributors of investment and/or insurance products. Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors may underwrite costs incurred for marketing such as advertising, publishing and seminar expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for whom sales have been made or it is anticipated sales will be made.

Arrangements involving someone's receipt of both advisory and other compensation (such as insurance commissions) in connection with the advisory services we provide to you can be considered "double-dipping." That term may carry negative connotations but in the financial services industry, it is not only acceptable but is appropriate and within the permissible activities of those individuals and entities who are properly registered and licensed to engage in such activities.

You should be aware that some investment advisors do not receive other compensation for transactions they may effect on your behalf and as a result of dealing with other firms, you will not necessarily pay any less for the same services that you may receive from us, however, the individual that you may deal with or his/her sponsoring firm may not be eligible to receive compensation other than the investment advisory compensation that you would normally expect to pay an investment advisor for the same services.

The general industry standard for a client's overall annual fee for investment advisory services is a maximum of 3.0%. This means that most investment advisors will keep their service fees for investment advisory work below 3.0% (of the assets they have been engaged to manage) on an annual basis. That said, a client could easily pay in excess of 3.0% of the assets that their investment advisor has been engaged to manage in light of other fees such as brokerage fees/commissions, execution costs, custodial fees, etc.

We routinely monitor our fees to ensure that they are not only consistent with those found in the industry for similar services, but we also review our fees for the purpose of ensuring that our billing practices are consistent with the provisions set for in your advisory agreement with us.

#### **Advisory Firm Payment for Client Referrals**

##### ***Solicitor Engagements***

If a client is introduced to the firm by an unaffiliated solicitor, the firm may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, as amended, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from the firm's investment management fee and shall not result in any additional charge to the client.

The solicitor shall disclose the nature of their relationship to a prospective client at the time of solicitation and will provide the prospective client with both C & J Wealth Advisors' Form ADV Part 2A firm brochure in addition to the solicitor's disclosure statement that contains the terms and conditions of the solicitation engagement, including its compensation arrangement.



### ***Industry Memberships***

Investment advisor representatives of our firm may hold individual membership or serve on boards or committees of professional industry associations. Generally, participation in any of these entities requires membership fees to be paid, adherence to ethical guidelines, as well as meeting experiential and educational requirements.

A benefit these entities may provide to the investing public is the availability of online search tools that allow interested parties (prospective clients) to search for participant firms or individual financial planners within a selected state or region. These passive websites may provide means for interested persons to contact a firm or planner via electronic mail, telephone number, or other contact information, in order to interview the participating firm or planner. Members of the public may also choose to telephone association staff to inquire about a firm or individual planner within their area, and would receive the same or similar information. A portion of our membership fees may be used so that our name will be listed in some or all of these entities' websites (or other listings).

Prospective clients locating our firm or one of our associates via these methods are not actively marketed by the noted associations. Clients who find us in this way do not pay more for their services than clients referred to us in another fashion, such as by another client. We do not pay these entities for prospective client referrals, nor is there a fee-sharing arrangement reflective of a solicitor engagement.

### **Item 15 - Custody**

Your funds and securities will be maintained by an unaffiliated qualified custodian, such as a bank, broker/dealer, mutual fund companies, or transfer agent. Your assets are not held by our firm or any of our associates. In keeping with our policy of not having custody of our client funds or securities, we:

- Restrict our firm and associates from acting as trustee for, or having general power of attorney over, a client account.
- Are prohibited from having authority to directly withdraw securities or cash assets from a client account, other than for payment of our advisory fees or transaction settlement.

These actions will be accomplished through a qualified custodian maintaining your assets (i.e., your custodian), pursuant to a written agreement and following your approval.

- Do not accept or forward client securities (i.e., stock certificates) erroneously delivered to our firm.
- Will not collect fees of \$1,200 or more for services to be performed six months or more in advance.
- Will not authorize any associate to have knowledge of a client's account access information (i.e., online 401(k), brokerage or bank accounts), even for the convenience or accommodation of the client or their legal agent when such access might result in physical control over client assets.

You will be provided with transaction confirmations and summary account statements provided directly to you by your selected service provider. These statements are typically provided on a monthly or quarterly basis, or as transactions occur. We will not create a statement for you nor be the sole recipient of an account statement.

You may receive periodic reports from our firm that may include investment performance information. You are urged to carefully review and compare your account statements that you have received directly from your service provider with any report you receive from our firm.

#### **Item 16 - Investment Discretion**

We may provide our various forms of investment advisory services under either *discretionary* or *non-discretionary* account authority as determined by your written engagement agreement. Please note that we generally provide our investment supervisory services under a discretionary account agreement. Similar to a limited power of attorney, *discretionary authority* allows our firm to implement investment decisions, such as the purchase or sale of a security on behalf of your account, without requiring your authorization for each transaction in order to meet your stated account objectives.

Should you prefer your account to be managed in a *non-discretionary* manner, your prior approval must be made for each transaction with regard to the investment and reinvestment of account assets or for the firm to give instructions to the service provider maintaining your account. The service provider will specifically limit the firm's authority in the account to the placement of trade orders and the deduction of advisory fees. In light of the requirement for your pre-approval, you must make yourself available and keep us updated on your contact information so that instructions can be efficiently effected on your behalf.

We will retain information about all client account directions, limitations and rescissions that are reviewed and approved by a supervisory principal with our firm.

#### **Item 17 - Voting Client Securities**

You may receive proxies or other similar solicitations directly from your custodian of record or transfer agent. Should we receive a duplicate copy, note that we do not generally forward these or any correspondence relating to the voting of your securities, class action litigation, or other corporate actions.

Our firm does not vote proxies on your behalf, to include those accounts that we serve on a discretionary basis. We do not offer guidance on how to vote proxies. You will maintain exclusive responsibility for directing the manner in which proxies solicited by issuers of securities that are beneficially owned by you shall be voted, as well as making all other elections relative to mergers, acquisitions, tender offers or other events pertaining to your holdings.

We will have no power, authority, responsibility, or obligation to take any action with regard to any claim or potential claim in any bankruptcy proceeding, class action securities litigation or other litigation or proceeding relating to securities held at any time in a client account, including, without limitation, to file proofs of claim or other documents related to such proceeding, or to investigate, initiate, supervise or monitor class action or other litigation involving client assets.

#### **Item 18 - Financial Information**

Our firm will not take physical custody of your assets, nor do we serve an account with the type of discretionary authority to have such control. We do not directly withdraw our fees from your account; fee withdrawals must be done through a qualified intermediary (e.g., custodian of record) and following your receipt of our written notice.

Our engagements do not require that we will collect fees from you of \$1,200 or more for our advisory services we will perform six months or more in advance.

Neither our firm nor its management serve as general partner for a partnership or trustee for a trust in which the firm's advisory clients are either partners of the partnership or beneficiaries of the trust.

The firm and its management do not have a financial condition likely to impair its ability to meet commitments to clients, nor has the firm and its management been the subject of a bankruptcy petition.

Due to the nature of our firm's advisory services and operational practices, an audited balance sheet is not required nor included in this brochure.

**Business Continuity Plan**

Our firm maintains a business continuity plan that is integrated with the entirety of our organization to ensure we appropriately respond to events that pose a significant disruption to operations. A statement concerning our current plan is available by request under separate cover.