
**Part 2A Appendix 1 of Form ADV:
Wrap Fee Program Brochure
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Sponsored by:

Dean, Jacobson Financial Services, LLC

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This Wrap Fee Program Brochure provides information about the qualifications and business practices of Dean, Jacobson Financial Services, LLC. If clients have any questions about the contents of this brochure, please contact Dean, Jacobson Financial Services, LLC at (817) 335-3214.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or any state securities authority.

Additional information about Dean, Jacobson Financial Services, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

The use of the term registered investment adviser does not imply a certain level of skill or training.

Item 2 – Material Changes

Dean, Jacobson Financial Services, LLC's (hereinafter "DJFS", "the firm", or "Adviser") last annual amendment filing was dated 02/21/2014.

Since DJFS's last annual amendment filing, the firm has no material changes to disclose in its Brochure.

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Item 4 – Services, Fees and Compensation

Asset Management Wrap Fee Program

DJFS emphasizes continuous and regular account supervision. As part of its asset management service, Adviser generally uses one of seven model portfolios, which are further described in Item 6, consisting of mutual funds, exchange traded funds (“ETFs”), and other public and private securities or investments. Individual stocks and bonds may also be used. The client’s individual investment strategy is tailored to their specific needs and may include some or all of the previously mentioned securities. Each portfolio will be initially designed to meet a particular investment goal, which Adviser, through discussions with and inputs from the client, will determine to be suitable to the client’s circumstances. Once the appropriate portfolio has been determined, Adviser will review the portfolio at least annually and if necessary, rebalance the portfolio based upon the client’s individual needs, stated goals, and objectives. Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio.

Wrap Asset Management Maximum Fees

<u>Assets under Management</u>	<u>Annual Percentage of Assets Charge:</u>
\$25,000-\$299,999	2.50%
\$300,000-\$999,999	2.00%
\$1,000,000-\$2,999,999	1.75%
\$3,000,000-\$4,999,999	1.50%
\$5,000,000 and Up	Negotiated

DJFS’ fees are billed in advance each quarter on a pro-rata annualized basis based on the value of client’s account on the time-weighted daily average of the previous quarter. Fees include execution costs for brokerage transactions. The ultimate fee that the client is charged is based on the scope and complexity of the engagement with the client and will be specifically outlined in a separate, signed agreement.

Fees will be automatically deducted from client’s managed account by a qualified custodian. In rare cases, Adviser will agree to directly bill clients. As part of this process, clients understand and acknowledge the following:

- (a) The client’s independent custodian sends statements at least quarterly showing all disbursements for the account, including the amount of the advisory fees paid to Adviser;
- (b) The client provides authorization permitting Adviser to be directly paid by these terms;
- (c) If Adviser sends a copy of an invoice to the client, Adviser will also send a copy of the invoice to the independent custodian;
- (d) If Adviser sends a copy of an invoice to clients, the invoice will include a legend that urges the client to compare information provided in their invoice with statements received from the qualified custodian.

Relative Cost of the Program

A wrap fee program allows clients to pay a specified fee for investment advisory services and the execution of transactions. The advisory services may include portfolio management, and the fee is

not based directly upon transactions in client's accounts. Management fees are bundled with the costs for executing transactions in client accounts. Adviser does not charge clients higher management fees based on trading activity, but clients should be aware that Adviser may have an incentive to limit trading activities in client accounts because Adviser is charged for executed trades.

Adviser cannot predict periods during which trading activity will be heavier or lighter because market variables and other investment criteria are unpredictable. Thus, Adviser generally uses this Wrap Agreement for all clients who have aggregate advisory assets above \$500,000. In addition, Adviser may charge less under a Wrap Agreement due to the volume of AUM than it would charge under a non-wrap agreement where trading costs are passed on to the client.

Additional Fees

Clients may pay charges imposed directly by a mutual fund, index fund, or exchange traded fund, which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses), mark-ups and mark-downs, spreads paid to market makers, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions. These fees are not included within this wrap fee program.

Adviser Compensation

Adviser's investment advisory representatives receive all or a portion of the management fees that clients pay Adviser, either directly as a percentage of the overall fee or as part of their salary. In cases where investment advisory representatives are paid a percentage of the overall advisory fee, this may create an incentive to recommend that clients participate in a wrap fee program rather than a non-wrap fee program. This is because, in some cases, investment advisory representatives may indirectly stand to earn more compensation from management fees paid to Adviser through a wrap fee program arrangement if client accounts are not actively traded. Adviser has attempted to structure its fees and compensation arrangements to minimize these potential conflicts.

Item 5 - Account Requirements and Types of Clients

Account Minimums

Adviser requires that clients have a minimum aggregated account size account size of \$500,000. In certain situations, our firm may waive this minimum.

Type of Clients

Adviser provides advisory services to:

- Individuals – An individual, their trusts, estates, 401(k) plans and IRAs, as well as those of their immediate family members count as one individual. Businesses organized as sole proprietorships are considered separate entities;
- High net worth individual – An individual who is a “qualified client” under rule 205-3 of the Advisers Act of 1940 or is a “qualified purchaser”;
- Pension and profit sharing plans (other than plan participants);

- Charitable Organizations;
- Corporations or other business types.

Item 6 - Portfolio Manager Selection and Evaluation

Item 6.A – Selection and Review Of Portfolio Managers

DJFS does not utilize outside portfolio managers. All accounts are managed by DJFS' in-house professionals.

Item 6.B – Advisory Business, Performance-Based Fees and Side- By-Side Management, Methods of Analysis, Investment Strategies And Risk Of Loss, And Voting Client Securities

DJFS and its adviser representatives act as portfolio managers for this wrap fee program. This may create a conflict of interest in that other investment advisory firms may charge the same or lower fees than DJFS for similar services.

Item 6.B1 – Advisory Business

See Item 4 of this Wrap Fee Program Brochure for a full description of Adviser's asset management services. Additionally, Adviser offers individualized investment advice to clients. Clients have the opportunity to place reasonable restrictions on the types of investments to be held in their portfolio. However, restrictions on investments in certain securities or types of securities may not be possible due to the level of difficulty this would entail in managing the account.

Item 6.B2 – Performance-Based Fees and Side-By-Side Management

Adviser does not charge performance fees to its clients.

Item 6.B3 – Methods of Analysis, Investment Strategies and Risk Of Loss

Adviser believes that mutual funds represent the best method of investing for most investors. Adviser uses actively managed mutual fund, as well as index-linked ETFs (a passive investment strategy). Adviser may also incorporate individual securities (stocks and bonds), Business Development Companies (BDCs), Master Limited Partnerships (MLPs), Private Equity, and other unique investment offerings to clients who qualify.

Adviser generally uses seven model portfolios, each composed with actively managed mutual funds, index-linked exchange traded funds (ETFs), or a combination of both. These portfolios range from balanced/conservative to aggressive/growth with varying levels of tax efficiencies. Although ETFs and mutual funds may lose value, the Adviser believes that their breadth of diversification enhances the chance of long-term success in both up and down markets.

Item 6.B3(a) – Funds

Adviser analyzes various factors, including fund management experience, performance consistency, expenses, and manager discipline. Adviser focuses on identifying mutual fund managers that have

provided consistently strong performance year after year relative to a meaningful peer group and benchmark.

Adviser looks for managers who have a clear philosophy and consistently implement it through a disciplined process in the belief that those managers are more likely to be able to replicate their results. When Adviser's opinion changes on a mutual fund, it is usually because of a fundamental change in the fund or its management, not simply due to a shift in short-term performance.

A short period of under-performance relative to peers or a benchmark doesn't always indicate that the fund manager has lost their touch. It may in fact, simply demonstrate that the fund manager remains true to the fund's style regardless of short-term changes in the market.

However, DJFS does watch for several types of events in conjunction with poor performance. These events trigger an in-depth review of a fund and primarily include:

- Change in fund management company ownership;
- A new portfolio manager;
- Significant change in asset allocation;
- Substantial drift in investment style; and/or
- Sustained under-performance.

Item 6.B3(b) – Strategic Asset Allocation

Adviser believes strongly in strategic asset allocation. Asset allocation is the process of constructing a diversified portfolio from a wide range of different asset classes. An asset class is a broad group of similar securities such as corporate bonds, large company stocks, or foreign company stocks as opposed to a single stock or bond. Examples of other asset classes would include high-yield bonds, small company stocks, U.S. Treasury bills, and real estate.

Adviser believes that the most important type of asset allocation is strategic asset allocation. This involves setting a long-term investment policy, establishing weightings for various asset classes, as well as dynamic core holdings, and making few changes over the short run unless there is a specific change in the investor's objectives.

Adviser rejects attempts to predict short-term market swings, and then shift the portfolio into specific, concentrated asset classes at certain times to improve returns. Although no investment policy can guarantee success, strategic asset allocation may help enhance portfolio returns by reducing volatility.

Academic research has demonstrated that the performance of different asset classes is not always closely related; some rise in value at the same time others are declining. Asset allocation strategies take advantage of this lack of correlation to build portfolios that are unlikely to have assets that all do well or poorly at the same time. As a result, a well-diversified portfolio can weather various market conditions and potentially provide less volatility through investment cycles.

Item 6.B3(c) – Risk of Loss

Clients are advised that investing in securities involves the risk of loss of the entire principal amount invested including any gains. Clients should not invest unless they are able to bear losses. Any of the above investment strategies may lead to a loss on investments. Even hedging strategies

may fail if markets move against the hedged investments. In addition, because investing carries with it opportunity risk, it is impossible to accurately predict the sectors of the market or asset classes that will have more favorable returns for a given period.

Item 6.B4 - Voting Client Securities

Adviser does not accept authority to vote proxies on behalf of clients as a matter of policy. Clients will receive their proxy information directly from their custodian.

Clients may contact the Adviser with questions about a particular solicitation by telephone at 817-335-3214.

Item 7 - Client Information Provided to Portfolio Manager(s)

Adviser's Wrap Fee Program is only managed by in-house portfolio managers. Please refer to DJFS' privacy policy if clients are concerned about the privacy of any non-public information Adviser retains.

Item 8 - Client Contact with Portfolio Manager(s)

Clients are always free to directly contact their portfolio manager(s) with any questions or concerns they have about their portfolios or other matters.

Item 9 - Additional Information

Item 9.A -Disciplinary Information; Other Financial Industry Activities

Adviser does not have any disciplinary information to disclose.

Adviser has the following financial industry activities and affiliations to disclose:

Broker-Dealer Registration

Supervised persons are also registered representatives of LPL Financial. In their capacities as registered representatives, supervised persons may recommend securities or other products and receive normal transaction commissions or other compensation. Thus, a conflict of interest may exist between the interests of the supervised persons and those of the advisory clients. However, clients are under no obligation to act upon any recommendations of the supervised persons or effect any transactions through the supervised persons if clients decide to follow supervised person's recommendations.

Futures Commission Merchant/Commodities

Neither the Adviser nor any of its management persons is a commodity broker/futures commission merchant, a commodity pool operator, commodity trading advisor or an associated person for the

foregoing entities or has an application for registration pending.

Relationships with Related Persons

In addition to being registered representatives of LPL Financial, supervised persons are insurance agents appointed with various insurance companies. In these capacities, supervised persons of DJFS may recommend insurance products and receive commissions and other compensation if products are purchased. Thus, a potential conflict of interest exists between the interests of supervised persons and those of the advisory clients. However, clients are under no obligation to act upon any recommendations of the supervised persons or execute any transactions through the supervised persons if they decide to follow their recommendations.

Supervised persons of DJFS, in their separate capacity as tax preparers, offer tax preparation, bookkeeping, and accounting services to some advisory clients.

Supervised persons are owners and officers of Jade Plan Services Inc., a firm that provides pension services. These are potential conflicts of interests because there are incentives to recommend these services to advisory clients and supervised persons would receive direct or indirect compensation. Clients are under no obligation to use these services.

Relationships with Other Advisers

Supervised persons of DJFS are also investment adviser representatives of LPL Financial. In such capacity, they may offer advisory services through LPL Financial, details of which are fully described in LPL Financial's Form ADV or relevant schedules. These are potential conflicts of interest to the extent that they may recommend that a client open an advisory account with LPL Financial in which they would receive compensation. Clients are under no obligation to use the services of another investment adviser.

Item 9.B – Code of Ethics; Review of Accounts; Client Referrals And Other Compensation; And Financial Information

Item 9.B1 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

Adviser has adopted a *Code of Ethics* that sets forth standards of conduct expected of advisory personnel and to address conflicts that arise from personal trading by advisory personnel. Advisory personnel are obligated to adhere to the *Code of Ethics*, and applicable securities and other laws. Advisory personnel also adhere to the *Code of Ethics* associated with their applicable professional designations.

The *Code of Ethics* covers a range of topics that may include: general ethical principles, reporting personal securities trading, exceptions to reporting securities trading, initial public offerings and private placements, reporting ethical violations, distribution of the Code of Ethics, review and enforcement processes, and amendments to Form ADV and supervisory procedures. Adviser will provide a copy of the *Code of Ethics* to any client or prospective client upon request.

Principal Trading

Adviser does not execute securities transactions as principal with Adviser's clients.

Personal Trading of Associates Affiliated with a Brokerage Firm

In their capacities as registered representative of LPL Financial, supervised persons of Adviser may receive payments from certain mutual funds distributed pursuant to a 12b-1 distribution plan or other such plans as compensation for administrative services, representing a separate financial interest. As such, a conflict of interest may exist with respect to recommendations to buy or sell securities. In all cases, transactions are effected in the best interests of the client. Adviser does not permit insider trading and has implemented procedures to ensure that its policy regarding insider trading is being observed by supervised persons.

Agency-Cross Action Transactions

Neither Adviser nor any supervised persons may recommend to clients, or transact buys or sells for client accounts, securities in which Adviser or a supervised person has a material financial interest. Neither Adviser nor any supervised person acting as a principal, buys securities from (or sells securities to) clients; acts as general partner in a partnership in which Adviser solicits client investments; or acts as an investment adviser to an investment company that Adviser recommends to clients.

Personal Trading

Adviser recommends that clients invest in open-end mutual funds, ETFs and other securities. Adviser and its supervised persons may invest in the same securities. Adviser and its supervised persons are permitted to invest in all asset classes.

Conflicts of Interest with Personal Trading

Supervised persons may own an interest in or buy or sell for their own accounts the same securities, which may be recommended to advisory clients.

Adviser seeks to ensure that supervised persons do not personally benefit from the short-term market effects of their recommendations to clients and their personal transactions are regularly monitored. Supervised persons are aware of the rules regarding material non-public information and insider trading. Supervised persons may also buy or sell a specific security for their own account based on personal investment considerations, which Adviser does not deem appropriate to buy or sell for clients.

Item 9.B2 – Review of accounts

Adviser uses a dynamic and ongoing review process to continually reinforce and educate clients about its investment approaches, as well as to clarify the fundamental tenets and standards on which investment advice is based.

Investment adviser representatives perform reviews of all advisory accounts no less than annually. Accounts are reviewed for consistency with the investment strategy and performance among other things. Reviews may be triggered by changes in an account holder's personal, tax, or financial

status. There is currently no limit on the number of accounts that can be reviewed by an investment adviser representative.

Advisory account statements are generated no less than quarterly. These statements are sent directly to the account owner from their broker dealer, product sponsors, custodian or retirement plan administrator. These reports list the account positions, activity in the account over the covered period, and other related information. Clients are also sent confirmations following each brokerage account transaction.

Item 9.B3 – Client referrals and other compensation

Suggestion of Brokers to Clients

Adviser recommends LPL Financial as a custodian and broker-dealer to advisory clients. Supervised persons of Adviser may also be dually registered as registered representatives of LPL Financial. As a result, Adviser is generally required to utilize the brokerage/custodial services of LPL for investment advisory accounts. Adviser's general policies relative to the execution of client securities brokerage transactions are as follows:

Execution of Brokerage Transactions (when applicable)

If requested, Adviser will arrange for the execution of securities brokerage transactions for the account through broker-dealers that Adviser reasonably believe will provide "best execution." In seeking "best execution," the determinative factor is not the lowest possible commission cost, but whether the transaction represents the best qualitative execution. Adviser also takes into consideration the full range of the broker-dealer's services including execution capability, commission rates, and responsiveness. Although Adviser will seek competitive commission rates, it may not necessarily obtain the lowest possible commission rates for account transactions.

Over-the-Counter (OTC) securities transactions for advisory clients are generally effected based on two (2) separate broker-dealers: (1) a "dealer" or "principal" acting as market-maker; and (2) the executing broker-dealer that acts in an agency capacity for the client's account. Dealers executing principal transactions typically include a mark-up/down, which is included in the offer or bid price of the securities purchased or sold. In addition to the dealer mark-up/down, the client may also incur the transaction fee imposed by the executing broker-dealer. Adviser does not receive any portion of the dealer mark-up/down or the executing broker-dealer transaction fee.

Transactions for each client account generally will be effected independently, unless Adviser decides to purchase or sell the same securities for several clients at approximately the same time. Adviser may, but is not obligated to, combine or "batch" such orders to obtain "best execution", to negotiate more favorable commission rates, to allocate fairly among the 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. To the extent that Adviser determine to aggregate client orders for the purchase or sale of securities, including securities in which Adviser's principals (and/or supervised persons) may invest, Adviser shall generally do so in accordance with the parameters set forth in SEC No-Action Letter, *SMC Capital, Inc.* Adviser shall not receive any additional compensation or remuneration as a result of the aggregation.

When referring clients to dealers, Adviser will only refer clients to dealers registered in states where the clients reside.

Industry Associates

Industry associates include vendors, money managers, and sub-advisers that Adviser either uses or networks with in order to provide the best array of services and providers to clients. At times, these industry associates may offer to adviser representatives certain non-monetary benefits. These benefits are not tied to the sales of any products to clients. Benefits may include such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings with Adviser's adviser representatives, client workshops or client appreciation events, marketing events or advertising initiatives. Industry associates may also pay for, or reimburse Adviser for the costs associated with, education or training events that may be attended by Adviser's employees.

Solicitors

Adviser does not have an arrangement under which it compensates others for client referrals.

Item 9.B4 – Financial information

Adviser is not required to provide financial information to its clients because:

- Adviser does not require the prepayment of more than \$1,200 in fees when services cannot be rendered within 6 (six) months.
- Adviser does not take custody of client funds or securities.
- Adviser does not have a financial condition or commitment that impairs its ability to meet contractual and fiduciary obligations to clients.

Adviser has never been the subject of a bankruptcy proceeding.

- End of Form ADV Part 2A Appendix 1-