

# JACOBSON & SCHMITT ADVISORS, LLC

## *Form ADV Part 2A*

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This brochure provides information about the qualifications and business practices of Jacobson & Schmitt Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at 608.662.7500. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Jacobson & Schmitt Advisors, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)



*Responsible Portfolio Management*

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## Material Changes

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This brochure follows the SEC's new rules published in "Amendments for Form ADV" on July 28, 2010. It follows a new structure and contains much of the information that the old brochure did and some that it didn't. This information is accurate as of March 31st, 2015. We're required to tell you about any material changes in this updated brochure. Future brochures will contain similar summaries.

Following are the material changes made to this brochure:

- Ownership Changes: On 12/29/2014 Jason N Schmitt became the majority shareholder with the purchase of ownership shares from M. Allen Jacobson. Allen continues to hold shares in the firm. On the same day, Richard Vanden Boogard purchased shares in the firm.
- Updated fee schedule for wealth advisory services.
- Added information regarding management of plans subject to ERISA.

Under SEC rules, we'll give you a new brochure within 120 days of the end of our fiscal year. You may also receive updates at other times if information changes. You may request a new brochure at any time and at no charge.

You can request a free brochure by calling us at 608.662.7500. You can also find out more about us and receive our current brochure from the SEC's website: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The site can also give you information about people who are registered, or about to be registered, as Investment Adviser Representatives of our firm.

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# Advisory Business

## History of Jacobson & Schmitt Advisors, LLC

Jacobson & Schmitt Advisors, LLC (“JSA”) is a wealth management firm located in Madison, Wisconsin that is focused on helping clients build their unique legacy - via thoughtful planning, directed investing, and advising on the myriad of life’s complicated financial decisions. JSA provides its services to individuals, foundations, and other entities in several states. Principals, M. Allen Jacobson and Jason N. Schmitt, established the firm in June of 2006 and manage approximately \$144 million of discretionary assets as of 12/31/2014.

From January 1995 to June of 2006, the Principals managed Client portfolios within Buttonwood Partners, Inc. (“BPI”). On June 1 of 2006, the firm began moving managed portfolios with the Client’s authorization, from BPI to JSA. Once at JSA, the portfolios were managed by the same management team and strategy as they were at BPI. Therefore, JSA’s performance history contains a large amount of these portfolios.

Philosophically, we use a total wealth approach, dubbed our “Total Household Wealth Strategy”. We believe this big picture approach provides our clients with the advice and investment management they and/or their families need to work towards achieving their unique financial goals. With this strategy, we seek to advise clients on balancing between a) working towards maximizing their lifestyle and b) achieving their financial goals. This consists of four areas of focus:

1. Asset Allocation – we use a Goals-Based approach to developing an allocation for each client
2. Investment Efficiency – while related to asset allocation, this describes working with clients to utilize different account types and potential tactics to grow household net worth. This often involves a team approach with the Client’s CPA and/or Estate Attorney.
3. Investment Management – discretionary management of the client’s portfolio
4. Financial Advice – we encourage clients to reach out when they have personal finance questions that may have an impact on their financial situation and/or well-being.

## Executive Officers

**Jason N Schmitt CFP®** Mr. Schmitt, a Principal and majority shareholder, serves on the investment committee and has responsibility for monitoring Client portfolio allocations for consistency with their investment objective and all other aspects of managing the firm. He also provides financial planning services to JSA’s Clients and holds the position of Chief Compliance Officer.

**Richard J. Vanden Boogard, CFA®** Mr. Vanden Boogard, a Principal, joined Jacobson & Schmitt Advisors, LLC in September of 2012. He sits on the firm’s investment committee which is responsible for stock selection and portfolio direction. He also provides financial planning services to JSA’s Clients.

**M. Allen Jacobson, Ph.D.** Mr. Jacobson, a Principal, is a member of the firm’s investment committee which is responsible for stock selection and portfolio direction. He is a founding principal of the firm.

## Advisory Services Offered

JSA provides wealth management services to individuals, trusts, estates, charitable organizations, foundations, retirement plans, institutions, and small businesses. Our investment advice is generally limited to stocks, bonds, exchange traded funds (ETFs), mutual funds, alternatives, and 529 College Plans.

Under the Wealth Advisory Agreement, JSA will assist Clients in the implementation of its Total Household Wealth Strategy. The services begin with a Principal of JSA discussing the Client's financial goals, needs, and objectives. Once a general understanding has been reached, JSA will:

- a) Have the Client provide JSA with financial and personal data necessary to prepare and implement the Client's Total Household Wealth Strategy. Some examples are:
  - i. Brokerage and retirement account statements
  - ii. Social Security Benefits statements as well as any Pension statements
  - iii. General summary of the Client's household assets and liabilities
- b) Analyze the data and documents provided. Our ability to provide accurate and reliable advice is solely dependent on the quality and depth of the data provided by the Client. Our goals are to:
  - i. Evaluate the Client's ability to meet objectives
  - ii. Make observations
  - iii. Identify problems and recommend strategies for consideration
- c) On the basis of the data provided and stated goals, prepare and present a personal financial plan summarizing JSA's plan for:
  - i. The Client's Goals-Based Portfolio Allocation resulting in an Investment Policy Statement ("IPS")
  - ii. Investment management of the portfolio
  - iii. Other strategies to improve the efficiency of the Client's overall wealth
- d) To properly monitor the plan, Clients receive a quarterly report from JSA indicating securities in the Client's portfolio; the value of those securities, portfolio allocation, and his/her benchmarked performance. The client will also receive an updated financial plan, in electronic form, during annual portfolio reviews with JSA, unless the client declines. The Client should understand that these quarterly performance reports are prepared by JSA and reviewed for accuracy by a Principal using JSA's records, along with transaction and custodian reports as a basis for review. They are not reviewed by a third party.

### Advisory Services to ERISA Plans:

JSA makes this service available to plan sponsors of 401(k), profit-sharing and retirement plans ("Plans"), subject to the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended. Many such Plans give participants the ability to individually direct the investment of their Plan account balances. . JSA creates and recommends a range of asset allocation models, each consisting of a diversified mix of asset classes for Plan sponsors. In addition, we recommend the underlying asset classes for the models and recommend at least one investment security for each underlying asset class. Usually, these securities consist of exchange traded funds and mutual funds. We do not sponsor, nor are we affiliated with, any of the underlying investments.

JSA will provide the Client (or an authorized delegate thereof) with:

- a) A statement of investment policy according to which JSA shall provide investment management services.
- b) JSA will perform the following services (the “Investment Management Services”), consistent with the JSA Investment Policy Statement (“IPS”), with respect to the plan assets:
  - i. JSA will review the investment options available through the Plan and will notify the Plan’s record-keeper as to JSA’s instructions to add, remove, and/or replace specific “core” investment options to be offered to Plan participants that meet the criteria set forth in the JSA IPS.
  - ii. JSA will monitor the core investment options and, on a regular basis, provide instructions to the Plan’s record-keeper to remove and/or replace investments that no longer meet the JSA IPS criteria. JSA will retain final decision-making authority with respect to removing and/or replacing investments in the core lineup and except as may be described in this Agreement, the Client will not have responsibility to communicate instructions to any third-party, including the plan’s record-keeper, custodian and/or third-party administrator.
- c) If the due diligence methodology described in the JSA IPS changes, such changes shall be stated in the Annual Monitoring Report. Upon written request, Client may obtain a copy of the most recent IPS methodology used by JSA.

### **Standards of Education and Experience**

JSA’s portfolio managers must have sufficient education and/or experience with investments before being allowed to provide advice to Clients. Please refer to the supplement at the end of this document for more details.

## **Fees and Compensation**

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Clients of JSA are responsible for Wealth Advisory fees as described below and Custodial/Transactional fees as described later in this document under “Brokerage Practices.”

The Client authorizes JSA to debit the Client’s account for the amount of JSA’s fee, as fees become due, and the Client’s custodian is authorized to follow all instructions it receives from JSA in connection with making such fee payments to JSA. Even though the fees are direct withdrawal, as a matter of transparency, JSA provides an invoice quarterly to our Clients.

Because JSA’s fee schedules have changed over the years as our services have changed, current Clients may have fees that are different than our current fee schedule. It is JSA’s policy not to charge any management fees for accounts managed by JSA for employees or shareholders of JSA. Fees may be modified or changed by JSA upon written notice to the Client.

Either a client or JSA can end the relationship with written notice. We receive a fee for our services and bill clients quarterly in advance. If the relationship ends before the quarter does, the client will receive a pro-rata refund of the fee. Fees are not negotiable except in certain limited circumstances due to the nature of the Client’s portfolio and investment objective.

Although JSA believes its fees are competitive, Clients may be able to find similar services at lower costs. JSA’s fee does not include custodial services or transaction related costs. Also, there can be no assurance that transactions effected by the broker-dealer selected for the Client will result in the lowest per transaction cost possible to a Client.

Clients should be aware that if their account includes an exchange-traded fund or mutual fund, the Client will pay two levels of advisory fees: JSA's fee and an indirect fee to the managers of the funds held in his/her portfolios.

Wealth Advisory Fee Schedule: Fees are calculated as a percentage of assets under management. A schedule follows:

**Annual Fee Schedule for Wealth Advisory Services:**

**Minimum Annual Fee: \$1000**

|                        |                       |               |
|------------------------|-----------------------|---------------|
| <b>Less than</b>       | <b>\$500,000.00</b>   | <b>1.25 %</b> |
| <b>\$ 500,000.01</b>   | <b>\$1,000,000.00</b> | <b>1.00 %</b> |
| <b>\$ 1,000,000.01</b> | <b>\$5,000,000.00</b> | <b>0.75 %</b> |
| <b>\$ 5,000,000.01</b> | <b>Up</b>             | <b>0.50 %</b> |

When calculating advisory fees, we aggregate household accounts to determine the lowest percentage if all accounts are managed as one relationship. Relationships with less than \$80,000 may effectively pay a fee that is greater than 1.25% due to our minimum annual fee. Fee details are also discussed in the Wealth Advisory Agreement that is signed by the client. Clients should be aware that lower fees for comparable services may be available from other sources.

Clients authorize the custodian firm, on behalf of JSA, to deduct the fee from their accounts. The fee is based on the balance of client assets, including money market funds, interest, and reinvested dividends. The first payment is calculated based on the number of days assets are placed in the account during a calendar quarter. Subsequent fees are determined based on the last business day of the previous calendar quarter. Generally, fees are deducted from the Client's account no later than the fifteenth (15th) day after the end of each quarter, in advance. If an account is terminated prior to the end of a calendar quarter, the terminating client will receive a pro-rata refund of fees paid.

If additional cash, securities or other investments exceeding \$100,000 are accepted for management during any quarter, the applicable fee may be prorated for the number of days remaining in the quarter and become due on the date the new assets are accepted.

**Advisory Services to ERISA Plans Fee Schedule:**

Annual fees are calculated as a percentage of assets under management ranging from .25% per year to 1.10% per year. The fee is based on the amount of assets held in the plan, number of participants, and level of direct advice the plan sponsor requires. The fee includes periodic access to an Advisor and the services provided on behalf of the Plan sponsor client as described above.

The JSA fee is payable monthly, in advance, no later than the fifteenth (15th) day after the end of the month. Except as may be otherwise agreed to by the Plan sponsor and JSA, the Plan sponsor agrees for the Plan's record keeper, custodian, or other service provider to deduct the JSA fee from Plan accounts and to remit such amounts to JSA prior to the due date as provided under the JSA Discretionary Investment Management Agreement. The fee is based on the balance of the total assets of the Plan accounts invested in the plan investments as of the end of each month. The first payment is prorated for assets that are placed in Plan accounts during a calendar month. Subsequent fees will be determined based on the last day of each month. The fee range above shows the annual percentages. Occasionally, JSA may act as an ERISA (3) (38) fiduciary.

The JSA fee does not cover any fees or expenses charged by any of the plan investments, including but not limited to any brokerage commissions, other transaction costs, redemption fees, or any other charges or expenses imposed by the plan investments. The Plan's record keeper, custodian or other service

provider may charge a separate fee to cover the administrative and other recordkeeping costs associated with Plan accounts invested in the investment options.

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

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JSA does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client). We do not engage in side-by-side management.

## **Types of Clients**

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JSA provides wealth advisory services to individuals, trusts, estates, charitable organizations, foundations, pensions, retirement and profit-sharing plans, institutions, and small businesses.

### Wealth Advisory Services

- Client household minimum account size is \$25,000. We may waive the minimum account size at our sole discretion.
- Minimum annual fee is \$1000. We may waive the minimum annual fee at our sole discretion.

### Advisory Services to ERISA Plans

- We may require a minimum dollar value of Plan assets of \$500,000, at our sole discretion, as a condition of providing our services to Plan sponsors.
- Minimum account size depends on the number of total assets in the Plan's trust, the current number of participants, the expected number of participants in future periods and other factors JSA deems relevant, including the Plan sponsor's financial requirements, economic circumstances, and investment objectives.

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

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For our wealth advisory clients we manage a global, all-cap equity model portfolio coupled with bonds. The equity holdings (stocks) are diversified across industries, market capitalizations, and countries. To aid in determining the asset allocation process (mix between stocks and bonds) in a Client's portfolio we typically employ financial simulation software, emphasizing a long-term approach to allocation. With a long-term allocation in mind, no attempts are made to avoid short-term market fluctuations.

Our security selection process uses a fundamental analysis approach and generally seeks to buy what we deem to be high-quality franchises at prices we believe can deliver strong return potential. In some cases we utilize funds (ETF's, mutual funds, or alternatives) to invest in a specific asset class, group, index, style, or country. These types of investments are also based on fundamental analysis, but weighed against any additional costs that may be involved (such as, but not limited to, a fund's "expense ratio").

To assist in our investment process we gather data from company press releases, annual reports, proxies, presentations, and subscriptions to research, financial software, publications, and more. We also frequently conduct interviews with company representatives or speak with competitors, suppliers, etc. The information used in this process can change rapidly and varies greatly depending on each situation.

Following the "data collection" our investment selection process may include the following steps:



- Investigate a company's prospects based on its potential competitive advantages
- Understand whether the company's industry is supportive of its potential
- Spend significant amounts of effort trying to pre-determine what could go wrong
- Steer clear of companies that we deem to be on the wrong side of social or ethical issues
- Understand management incentives and track record of value creation
- Value the business and understand expectations for the company

## Risk of Loss

Our advisory portfolios consist of a combination of equities, fixed income, cash, mutual funds, and exchange-traded funds (ETFs) all of which are subject to some or all of the following risk factors:

- **Market Risk** — Even a long-term investment approach cannot guarantee a profit. Economic, political, and issuer-specific events will cause the value of securities to rise or fall. Because the value of investment portfolios will fluctuate, there is the risk that you will lose money and your investment may be worth more or less upon liquidation.

- **Foreign Securities and Currency Risk** — Investments in international and emerging-market securities include exposure to risks such as currency fluctuations, foreign taxes and regulations, the potential for illiquid markets, and political instability.

- **Capitalization Risk** — Small-cap and mid-cap companies may be hindered as a result of limited resources or less diverse products or services, and their stocks have historically been more volatile than the stocks of larger, more established companies.

- **Interest Rate Risk** — In a rising rate environment, the value of fixed-income securities generally declines.

- **Credit Risk** — Credit risk is the risk that the issuer of a security may be unable to make interest payments and/or repay principal when due. A downgrade to an issuer's credit rating or a perceived change in an issuer's financial strength may affect a security's value and, thus, impact the investment performance.

- **Securities Lending Risk** — Securities lending involves the risk that the Client loses money because the borrower fails to return the securities in a timely manner or at all. The Client could also lose money if the value of the collateral provided for loaned securities, or the value of the investments made with the cash collateral, falls.

- **Derivatives** — Derivatives are securities, such as futures contracts, whose value is derived from that of other securities or indices. Derivatives can be used for hedging (attempting to reduce risk by offsetting one investment position with another) or non-hedging purposes. Hedging with derivatives may increase expenses, and there is no guarantee that a hedging strategy will work. Typically not utilized by JSA, but may be used by ETF/mutual funds held in the account.

- **Hedging** - While hedging can reduce or eliminate losses, it can also reduce or eliminate gains. Derivative securities are subject to a number of risks, including the following:

- o Liquidity risk
- o Interest rate risk
- o Market risk
- o Credit and management risks
- o Risk of improper valuation

Changes in the value of the derivative may not correlate perfectly with the underlying asset, rate, or index, and a fund could lose more than the principal amount. Typically not utilized by JSA, but may be used by ETF/mutual funds held in the account.

- **Exchange-Traded Funds** — ETFs face market-trading risks, including the potential lack of an active market for shares, losses from trading in the secondary markets, and disruption in the creation/redemption process of the ETF. Any of these factors may lead to the fund's shares trading at either a premium or a discount to its "net asset value."

- **Performance of Underlying Managers** — often when we select ETF's or mutual funds we depend on the manager of such funds to select individual investments in accordance with their stated investment strategy. Those managers may not perform as well as expected.

## Disciplinary Information

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Registered investment advisers are required to disclose all legal or disciplinary events that are material in a client's evaluation of JSA or the integrity of JSA's management. There have been no disciplinary actions against Jacobson & Schmitt Advisors, LLC or its management persons in the last 10 years.

## Other Financial Industry Activities and Affiliations

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JSA has no financial industry activities or affiliations.

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

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### Code of Ethics

JSA has adopted a Code of Ethics and Professional Standards (the Code). Among other things, the Code sets forth JSA's fiduciary duty and policy that Clients' interests are always clearly placed ahead of any personal interest. A copy of the Code is available to any Client or prospective Client upon request.

The Code works in conjunction with JSA's written Compliance & Supervisory Procedures Manual (the Manual) to prevent and detect any conduct not in compliance with JSA's Code of Ethics and applicable state and federal regulations.

JSA believes that the Code and Manual are adequately designed to prevent and detect insider trading, to govern personal securities trading, and prevent or eliminate potential conflicts of interest situations between JSA, its employees, members and JSA's Clients. However, Clients should be aware that no set of rules can possibly anticipate or relieve all potential conflicts.

### Participation or Interest in Client Transactions

JSA, its employees, and related persons do not buy or sell for Client accounts securities in which they have a material financial, ownership, or managerial interest. As explained further in the next paragraph, JSA's Principals and its employees usually do purchase and sell the same equity securities they recommend to advisory Clients for purchase and sale. However, the procedures followed are believed to be adequate to prevent any conflicts of interest.

## Personal Trading

The Principals of JSA own the same companies as their Wealth Advisory Clients because they believe this helps align their self-interests with those of the firm's Clients. Therefore, they usually purchase and sell the same equity securities they recommend to their advisory Clients. The Code contains procedures that give priority to Client transactions over any Principal or employee transactions. It should also prevent JSA or its employees from being able to profit from Client's transactions. Therefore, the Code requires all employees to process securities transactions for their own accounts only after all transactions are completed for Clients. Employees may participate in the same equity trade as Clients, but all Client account trades will be filled before employee trades are entered. The Code also requires all employees of JSA to report their personal securities transactions to JSA's designated supervisor on a periodic basis.

The Code forbids any member or employee of JSA from trading, either personally, or on behalf of others, on material non-public information or communicating material non-public information to others in violation of the law (i.e., insider trading).

## Brokerage Practices

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### Wealth Advisory Clients

JSA receives no material benefit for directing brokerage, either in the form of research, Client referrals or soft dollar benefits.

JSA generally recommends and Clients typically designate Fidelity Investments Institutional Services Company, Inc. ("Fidelity") to provide custodial and brokerage services for the Client's accounts, therefore Clients are not permitted to direct brokerage. Thus, JSA will not evaluate the costs and services of other broker-dealers. Fidelity was selected for its financial strength, low transaction charges, and online financial tools available to our Clients. Transaction processing, custodial, and reporting services will normally be handled by Fidelity, with all transaction fees/custodian fees being passed directly through to the Client. JSA believes that Fidelity is competitive in obtaining best execution and prices when processing transaction orders, but there can be no assurance that Fidelity will process orders in a manner which results in best execution in every instance. Best execution is tested quarterly by JSA to ensure Fidelity is providing Clients with the most favorable overall terms reasonably available at the time.

JSA has entered into prime brokerage relationships with Fidelity Investments (the "Prime Broker") and/or Bernardi Securities Inc. and Robert W. Baird & Co. as the "Executing Broker". The Executing Brokers make available to JSA a large inventory of municipal bonds issued by Midwestern cities. JSA will occasionally purchase/sell bonds from the Executing Broker and request they be delivered to the Prime Broker, for the benefit of the Advisor's Clients.

### Block Trades

JSA may aggregate trades for numerous Clients when it believes it is in the Client's best interest to do so.

JSA's allocation sheet consists of all Clients and Supervised Persons<sup>1</sup> for which a security will be purchased/sold. The transactions are entered in an order that is either ascending or descending by account number. If the last allocation was descending by account number, the next will be ascending by account number. Supervised Persons will be filled the next business day or later, therefore filled after all Client positions are filled.

When the aggregated order is filled, each Client in the aggregated order receives an average price for Clients' respective broker. However, aggregated orders that are partially filled are not allocated to Clients

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<sup>1</sup> any partner, officer, director, employee of the investment advisor or other person who provides investment advice on behalf of the advisor

on a pro-rata basis. Instead, in those instances where JSA cannot fill an aggregated order fully, the partially acquired shares are allocated to each individual Client listed on JSA's allocation sheet for the full amount of each Client's order until no shares remain. Shares subsequently obtained to complete an aggregated order are then applied to the allocation sheet for the full amount of each remaining Client's order until no shares remain. Thus, for those Clients whose shares are subsequently obtained, the share price they receive may be higher or lower than the transaction share price acquired by those Clients participating in the initial aggregated order.

## **Cross Transactions**

When JSA believes it's suitable for a Client to purchase the same security being sold by another Client, it may decide to arrange a "cross" transaction through a brokerage firm capable of processing the transaction. These types of transactions will typically involve municipal bonds. Prior to the transfer, the brokerage firm will provide JSA with current bid/ask quotes which will aid in determining an acceptable price for both buyer and seller. The transactions create a conflict of interest for JSA since the staff must make decisions on behalf of the buyer and seller, both of which are Clients of JSA.

### Advisory Services to ERISA Plans

JSA receives no material benefit for directing brokerage, either in the form of research, Client referrals or soft dollar benefits.

JSA generally recommends and Clients typically designate Alerus Financial N.A. ("Alerus") to provide custodial and brokerage services for the Client's ERISA Plan, therefore Clients are not permitted to direct brokerage. Thus, JSA will not evaluate the costs and services of other broker-dealers. Alerus was selected for its financial strength, low transaction charges, and online financial tools available to our Clients. Transaction processing, custodial, and reporting services will normally be handled by Alerus, with all transaction fees/custodian fees being passed directly through to the Client. JSA believes that Alerus is competitive in obtaining best execution and prices when processing transaction orders, but there can be no assurance that Alerus will process orders in a manner which results in best execution in every instance. Best execution is tested quarterly by JSA to ensure Alerus is providing Clients with the most favorable overall terms reasonably available at the time.

## **Review of Accounts**

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### Wealth Advisory Clients

Wealth Advisory accounts are monitored on an ongoing basis. Accounts are rebalanced or assets reallocated based on market or other conditions as warranted. Securities we buy or sell for accounts are subject to our discretionary authority. Changes in the asset allocation models, which include adding, removing, or replacing securities at the recommendation of the JSA Investment Committee, result in a varying amount of trades over any given year.

Those changes are based on a variety of factors, which include but are not limited to changes in the economic, financial or political climate, changes in the tax code, and the management of mutual funds or ETF's. Changes may also be made based on the client's personal circumstances including health, employment or family status, or restrictions that the client may place on the investments in the account.

JSA Principals generally meet periodically to review economic, tax, financial, political, social, and other relevant issues and to determine whether any changes in strategy are warranted. Based on these meetings, client situations and circumstances are reviewed on a periodic basis and recommendations are made as needed.

On at least an annual basis, Wealth Advisory clients are contacted to update their personal and financial information, including health, employment, marital and family status, time horizon, goals and objectives, and risk tolerance. The information is used to determine if there are any changes that could impact the ongoing appropriateness of the account. Additionally Clients may request a review at any time; and we encourage them to do so especially when there may be a change in goals..

#### Advisory Services to ERISA Plans

Plan assets are monitored on an ongoing basis. Plan assets are rebalanced or reallocated based on market or other conditions as warranted. Changes in the asset allocation models, which include adding, removing, or replacing securities at the recommendation of the JSA Investment Committee, result in a varying amount of trades over any given year. Those changes are based on a variety of factors, which includes but is not limited to changes in the economic, financial, or political climate. Changes may be made based on the Plan sponsor's circumstances or restrictions that they may place on the investments in the account.

Clients are encouraged to contact a Principal anytime to discuss their portfolio and objectives.

## **Client Referrals and Other Compensation**

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From time to time, JSA may enter into a Client Procurement Agreement with an individual who will introduce Clients to JSA. Such individuals will receive a referral fee for Clients that are introduced to JSA and who enter into a Wealth Advisory Agreement with JSA. These Clients will receive notification of the Procurement Agreement and amounts paid for the referral.

JSA may also enter into a sub-advisor agreement with other Investment Advisors under a fee sharing arrangement. In this case, JSA manages the investments and the referring Advisor handles the Client relationship.

## **Custody**

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JSA does not maintain custody of client funds or securities. We establish relationships with various non-affiliated third-party clearing/custodying broker-dealers who are responsible for taking custody of and maintaining all client funds and securities, as discussed earlier. The custodian sends confirmations and account statements directly to clients. Account statements are sent directly to the client by the custodian on at least a quarterly basis. These confirmations and account statements should be reviewed carefully by the client.

## **Investment Discretion**

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Based on a written and signed agreement, JSA clients give JSA limited discretionary authority to execute client-approved investment strategies in their accounts. We are granted limited discretionary authority that allows us to place orders through one of several custodian firms mentioned under the header of "Brokerage Practices". Clients give us the ability to make the following determinations in accordance with the client's specified investment objectives, without client consultation or consent before a transaction is effected:

- Invest client assets into a diversified mix of asset classes and investment securities, primarily in the form of stocks, bonds, exchange-traded funds, mutual funds, and alternatives.
- Modify or change the mix of asset classes and investment securities within the account.
- Rebalance the account periodically.

Clients are permitted to impose reasonable restrictions on the management of their accounts. When imposing restrictions Clients may request that particular securities or types of securities shall not be

purchased, or that such securities (if held in the account) be sold. Clients, however, cannot request that particular securities be purchased for their accounts. In this case JSA will establish an “unmanaged” account for the purchase of the security.

Additionally, JSA has no influence or control over the mix of securities held by any mutual fund or ETF in which client accounts may be invested. We reserve the right, at our sole discretion, to reject any account for which unreasonable or overly restrictive conditions are requested.

## **Reasons for trading a portfolio**

JSA does not guarantee the performance of the Client’s account or any specific level of performance. Market values of the securities within the account will fluctuate with market conditions. When the account is liquidated, it may be worth more or less than the original amount invested.

### **Wealth Advisory Clients**

#### **Trading Authorization**

Once a Wealth Advisory contract has been signed and an asset allocation model that corresponds to the Client’s IPS has been selected, JSA has limited discretionary authority to invest the assets in the account. Wealth Advisory clients must establish brokerage accounts with one of the custodians mentioned earlier so that we can place securities transactions and maintain assets with a qualified custodian. Transaction costs imposed by any of the clearing/custodian firms are NOT covered by the Wealth Advisory fee. We have negotiated transaction costs with the clearing/custodian firms that are based on the amount of assets JSA has placed with the custodian. The clearing/custodian firms perform all the necessary brokerage services for accounts maintained with them and provide custody services of client assets. In choosing which brokerage firm to use for our Clients, we generally select Fidelity Investments.

#### **Reallocations**

JSA has the limited discretionary authority to reallocate assets in client accounts. In a reallocation, we change the target percentages of some or all of the asset classes or types of assets relative to the total account. Accounts are monitored on an ongoing basis and assets reallocated based on market or other conditions as warranted. Changes in the asset allocation model, which include adding, removing, or replacing securities at the discretion of JSA, are made based on a variety of factors, including but not limited to changes in the economic, financial or political climate, changes in the tax code, and/or the Client’s personal circumstances, including health, employment, and family status. Reallocations occur with less frequency than rebalancing. When JSA reallocates accounts, it generally does so in anticipation of the impact that expected long-term market volatility could have on specific asset classes or types.

#### **Rebalancing**

Each account is invested in accordance with the client’s asset allocation strategy, which corresponds to the Clients IPS. At the inception of an account, Wealth Advisory assets are invested in specific asset types, including stocks, bonds, mutual funds, or. Amounts invested in each security are determined in accordance with set target percentages of total assets in the account. Afterwards, as markets fluctuate and values change, amounts originally allocated to an investment will often deviate from the original target allocations. Thus, we will periodically adjust account holdings back to the original asset targets, or “rebalance” the account. We do not rebalance accounts constantly, and account allocations may drift away from their original target percentages before JSA, within our authority and judgment, brings those allocations back in line with the original percentages. Clients are notified of rebalancing after the transactions are executed.



## **Liquidations**

JSA will accept and follow all liquidation instructions given by clients and will seek to execute client orders in a timely manner on a best-efforts basis. Occasionally, due to market conditions and time constraints imposed by custodian firms, trades may be executed the following business day. In handling liquidations and purchases, we will execute transactions without regard to pending dividend or capital gains distributions, stock splits, mergers, or other corporate or financial events.

## **Contributions**

Contributed cash or money market fund shares in client accounts may remain un-invested in securities for a period of time. JSA invests liquid assets in an orderly manner and believes it is to each Client's benefit to invest in an aggregated fashion rather than piecemeal. For this reason, a period of time may elapse between the deposit of cash or liquid assets to the account and the account reaching a fully invested position. Although clients may deposit freely tradable securities in their accounts, we will liquidate those securities positions and invest the proceeds in securities matching the client's selected investment strategy. Tax consequences associated with this liquidation and reinvestment process will likely occur, and clients should consult with their tax professionals before depositing securities in their Wealth Advisory accounts. JSA does not provide legal or tax advice to clients. Clients are advised to discuss the possible legal or tax consequences of their investment decisions with their legal or tax advisors prior to effecting any transaction.

## **Advisory Services to ERISA Plans**

### **Reallocations**

Under the Advisory Services to ERISA Plans Agreement, JSA has the limited discretionary authority to change the asset allocation models held in the plan as well as the plan investment options. Investment options are monitored on an ongoing basis and reallocations are made based on market or other conditions as warranted and/or the Plan client's circumstances. We will recommend that the Plan sponsor replace an investment option from the Plan's investment menu, if it significantly diverges from its relevant index in terms of risk or return, with another investment option that is more in line with the risk/return profile of the relevant index. When we make reallocations, we generally do it in anticipation of the impact that expected long-term market volatility could have on specific asset classes or types. Generally, Plan sponsors are notified of reallocations after the transactions are made.

### **Rebalancing**

Each asset allocation model is invested in a mix of underlying funds in accordance with the corresponding IPS approved by the Plan sponsor and the target allocation percentages determined by that model. As markets fluctuate and values change, the actual percentage allocations of some or all of the underlying funds for the models will either exceed or fall below the original target percentage allocations.. However, we do not rebalance investment options constantly. Actual percentage allocations may drift away from their original target percentage allocations before JSA, within our authority and judgment based on market or other conditions as warranted, brings those allocations back in line with the original target percentage allocations.

## **Voting Client Securities**

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JSA does not accept proxy voting responsibility for client accounts. Therefore, we have no obligation or authority to take action or render any advice with respect to the voting of proxies solicited by or with respect to issuers of securities held by client accounts. We expect clients to expressly retain the authority and responsibility for proxy voting.

With respect to ERISA accounts, we generally expect the fund sponsor to expressly retain the authority and responsibility for proxy voting and to specify, in writing, who has voting authority. All clients will receive proxies directly from the custodian firm. Clients may direct any questions to their Advisor should the need arise.

## **Financial Information**

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Registered investment advisers are required to provide clients with financial information or disclosures about their financial condition under certain circumstances. JSA is financially sound and does not have any financial condition that would impair its ability to meet contractual or fiduciary commitments to clients. We have not been the subject of any bankruptcy proceeding. Therefore, we are not required to provide any additional financial statements under this item.

## **Requirements for State-Registered Advisers**

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Not applicable



## **Supervised Persons Group Supplement**

For:

JACOBSON & SCHMITT ADVISORS, LLC  
725 Heartland Trail Ste. 201  
Madison, WI 53717  
Ph. 608.662.7500 or at [www.jandsadvisors.com](http://www.jandsadvisors.com)  
Prepared: 03/15/2014

This brochure supplement provides information about M. Allen Jacobson, Jason N. Schmitt, and Richard J. Vanden Boogard that supplements the Jacobson & Schmitt Advisors, LLC brochure. You should have received a copy of that brochure. Please contact Jason N. Schmitt, Principal at 608.662.7500 if you did not receive Jacobson and Schmitt Advisors, LLC's brochure or if you have any questions about the contents of this supplement.

Additional information about M. Allen Jacobson, Jason N. Schmitt, and Richard J. Vanden Boogard is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

M. Allen Jacobson, Ph.D.

Principal, Jacobson & Schmitt Advisors, LLC.

Educational Background and Business Experience:

Mr. Jacobson, a Principal, co-founded Jacobson & Schmitt Advisors, LLC in May 2006. He is semi-retired but continues to sit on the firm's investment committee which is responsible for stock selection and portfolio direction.

He was born in 1939 and graduated from the University of Minnesota in 1962 with a Bachelor of Science degree in Agricultural Economics and from Purdue University in 1968 with a Ph.D. in Agricultural Economics.

From August 1980 to August 1988, Mr. Jacobson was Assistant Branch Manager and a Registered Representative of the Milwaukee Company. From August 1988 to July 1990, he was Assistant Branch Manager and a Registered Representative of Dain Bosworth Incorporated, and from July 1990 to October 1990, he was Branch Manager and Registered Representative of Mid-America Management Corporation. Mr. Jacobson co-founded Buttonwood Partners, Inc. in July of 1990 and served as President from its inception until April 2006.

Disciplinary Information: There have been no disciplinary actions against Mr. Jacobson in the last 10 years.

Other Business Activities: Mr. Jacobson has no financial industry activities or affiliations.

Additional Compensation: Mr. Jacobson receives no additional compensation.

Supervision: As a Principal, the supervision of Mr. Jacobson is guided by the firm's policies and procedures. These policies clearly state that each firm Principal is responsible for the supervision of the other Principal. The firm has procedures in place that require Jason N. Schmitt, to review all electronic and written client communication of Mr. Jacobson. Furthermore, the Principals usually work together in giving advice to clients.

Jason N. Schmitt, CFP®

Principal, Jacobson & Schmitt Advisors, LLC.

Educational Background and Business Experience:

Mr. Schmitt, Principal and majority shareholder co-founded with Mr. Jacobson, Jacobson & Schmitt Advisors, LLC in May 2006. He serves on the investment committee and has responsibility for monitoring Client portfolio allocations for consistency with their investment objective. He also provides financial planning services to JSA's Clients and holds the position of Chief Compliance Officer.

Mr. Schmitt was born in 1971. He graduated from North Dakota State University in 1994 with a Bachelor of Science degree in Zoology.

From May 1996 to March 2004, Mr. Schmitt worked for Park Bank of Madison as a Sales Associate, Assistant Branch Manager, Branch Manager and Assistant Vice President. His major duties included management of branch personnel, fiscal budgetary management, and cultivating additional business and individual banking relationships.

Mr. Schmitt was the Director of Business Development for the Asset Management Division of BPI from March 2004 until April 2006. His main duty at BPI was the marketing of investment advisory services to individuals, trusts, and businesses.

Mr. Schmitt is a CERTIFIED FINANCIAL PLANNER™ professional. The CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP (with flame design) marks (collectively, the "CFP® marks") are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. ("CFP Board"). See below for minimum qualifications.

Minimum qualifications and standards of designations:

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 62,000 individuals have obtained CFP® certification in the United States.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board's studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor's Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board's financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;
- Examination – Pass the comprehensive CFP® Certification Examination. The examination, administered in 10 hours over a two-day period, includes case studies and client scenarios designed to test one's ability to correctly diagnose financial planning issues and apply one's knowledge of financial planning to real world circumstances;

- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- Ethics – Agree to be bound by CFP Board’s *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and
- Ethics – Renew an agreement to be bound by the *Standards of Professional Conduct*. The Standards prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board’s enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

Disciplinary Information: There have been no disciplinary actions against Mr. Schmitt in the last 10 years.

Other Business Activities: Mr. Schmitt has no financial industry activities or affiliations.

Additional Compensation: Mr. Schmitt receives no additional compensation.

Supervision: As a Principal, the supervision of Mr. Schmitt is guided by the firm’s policies and procedures. These policies clearly state that each firm Principal is responsible for the supervision of the other Principal. The firm has procedures in place that require another principal, to review all electronic and written client communication of Mr. Schmitt. Furthermore, the Principals usually work together in giving advice to clients.

**Richard J. Vanden Boogard, CFA®**

**Associate, Jacobson & Schmitt Advisors, LLC.**

**Educational Background and Business Experience:**

Mr. Vanden Boogard, a Principal, joined Jacobson & Schmitt Advisors, LLC in September of 2012. He sits on the firm's investment committee which is responsible for stock selection and portfolio direction. He also provides financial planning services to JSA's Clients

He was born in 1977, graduated from the Michigan Technological University in 2000 with a Bachelor of Science degree in Electrical Engineering, and also from the University of Wisconsin-Madison in 2007 with an MBA in the Applied Security Analysis Program (ASAP).

In June of 2000, Mr. Vanden Boogard entered a two-year leadership program at GE Healthcare, called the Edison Engineering Development Program (EEDP). Upon graduating this program in 2003, he continued working as an engineer for GE Healthcare through July 2005, upon which time he enrolled at the University of Wisconsin-Madison. During the summer of 2006, Mr. Vanden Boogard was an Intern for Camden Partners Holdings, LLC, a small Baltimore-based fund. Upon graduation from the University of Wisconsin in 2007 he joined Victory Capital Management as an Equity Research Analyst and remained until joining Jacobson & Schmitt Advisors, LLC in 2012.

In 2011, Mr. Vanden Boogard became a Chartered Financial Analyst® charterholder.

**Disciplinary Information:** There have been no disciplinary actions against Mr. Vanden Boogard in the last 10 years.

**Other Business Activities:** Mr. Vanden Boogard has no financial industry activities or affiliations.

**Additional Compensation:** Mr. Vanden Boogard receives no additional compensation.

**Supervision:** As a Principal, the supervision of Mr. Vanden Boogard is guided by the firm's policies and procedures. The firm has procedures in place that require Jason N. Schmitt, to review all electronic and written client communication of Mr. Vanden Boogard. Furthermore, Mr. Vanden Boogard will work directly with the Principals in giving advice to clients.

**Minimum qualifications and standards of designations:**

The Chartered Financial Analyst (CFA) charter is a globally respected, graduate-level investment credential established in 1962 and awarded by CFA Institute — the largest global association of investment professionals.

There are currently more than 107,000 CFA charterholders working in 135 countries. To earn the CFA charter, candidates must: 1) pass three sequential, six-hour examinations; 2) have at least four years of qualified professional investment experience; 3) join CFA Institute as members; and 4) commit to abide by, and annually reaffirm, their adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct.

**High Ethical Standards**

The CFA Institute Code of Ethics and Standards of Professional Conduct, enforced through an active professional conduct program, require CFA charterholders to:

- Place their clients' interests ahead of their own
- Maintain independence and objectivity
- Act with integrity

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- Maintain and improve their professional competence
- Disclose conflicts of interest and legal matters

**Global Recognition**

Passing the three CFA exams is a difficult feat that requires extensive study (successful candidates report spending an average of 300 hours of study per level). Earning the CFA charter demonstrates mastery of many of the advanced skills needed for investment analysis and decision making in today's quickly evolving global financial industry. As a result, employers and clients are increasingly seeking CFA charterholders—often making the charter a prerequisite for employment.

Additionally, regulatory bodies in 23 countries and territories recognize the CFA charter as a proxy for meeting certain licensing requirements, and more than 125 colleges and universities around the world have incorporated a majority of the CFA Program curriculum into their own finance courses.

**Comprehensive and Current Knowledge**

The CFA Program curriculum provides a comprehensive framework of knowledge for investment decision making and is firmly grounded in the knowledge and skills used every day in the investment profession. The three levels of the CFA Program test a proficiency with a wide range of fundamental and advanced investment topics, including ethical and professional standards, fixed-income and equity analysis, alternative and derivative investments, economics, financial reporting standards, portfolio management, and wealth planning.

The CFA Program curriculum is updated every year by experts from around the world to ensure that candidates learn the most relevant and practical new tools, ideas, and investment and wealth management skills to reflect the dynamic and complex nature of the profession.

To learn more about the CFA charter, visit [www.cfainstitute.org](http://www.cfainstitute.org).