

ADV - BROCHURE

Investment Adviser Business Disclosure Document

J Derek Lewis Associates, Inc.

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This disclosure document, known as the Brochure, provides information about the business practices of J. Derek Lewis & Associates, Inc. [“ADVISER”]. If you have any questions about the contents of this Brochure, please contact us at (949) 752-9096. 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.

ADVISER is a registered investment adviser. Registration as an investment adviser does not imply any level of skill, training, aptitude or qualification. The oral and written communications of an ADVISER provide you with information about which you can determine to hire or retain an ADVISER.

Additional information about J. Derek Lewis & Associates, Inc. also is available on the SEC’s website at www.adviserinfo.sec.gov.

Effective Date of Brochure: November 30, 2016

Material Changes

There have been no material changes since the last version of the Brochure that was effective as of November 30, 2015. This Brochure updated the assets under management.

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Advisory Business

A. INVESTMENT ADVISORY SERVICES

Generally

J. Derek Lewis & Associates, Inc. (“JDLA” or “ADVISER”) provides investment advisory services in the form of discretionary investment management and non-discretionary investment advice. Accounts are managed on either a discretionary or a non-discretionary, advisory fee basis. Accounts can be a fully managed general securities account or may be managed via a periodic reallocation within a mutual fund account or a portfolio of mutual funds.

At this time, JDLA’s discretionary and non-discretionary advisory services primarily relate to mutual fund portfolios, although JDLA may provide investment advisory services for individual securities [consisting of stocks, bonds, closed-ended funds and exchange traded funds (“ETFs”)]. JDLA will not advise on legal proceedings, including class actions or bankruptcies involving securities purchased or held in Clients’ accounts. Moreover, JDLA offers asset allocation, primarily using mutual funds. JDLA retains the authority to use other products as referenced above, which would be particularly more likely to be used upon the request of the Client to oversee an existing portfolio. Nevertheless, JDLA concentrates its services in the area of mutual fund selection, allocation of assets and periodic reallocation. The suggested minimum account size is \$100,000, although it is not an absolute requirement.

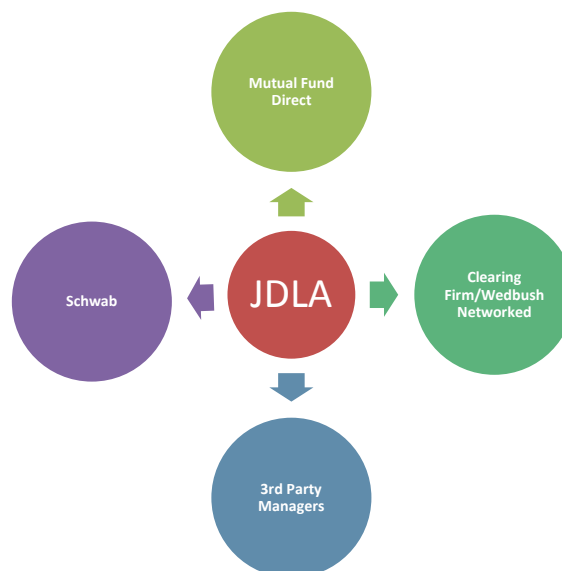
Description – Overview	JDLA generally offers advice on investment company securities (“mutual funds”). Based on the individual needs of the Client, JDLA will evaluate the appropriate solutions and offer advice on a variety of mutual fund allocations designed to achieve Clients’ investment objectives. While JDLA reserves the authority to utilize securities other than mutual funds, as a practical matter, JDLA’s investment advisory program is currently focused on mutual fund investments. JDLA uses A Shares and, when reasonably available to JDLA, Adviser Share classes.
Specialization	Mutual Fund Allocation
Assets Under Advisement / Management (“AUM”)	As of September 30, 2016 , JDLA’s AUM were as follows:

	Discretionary Assets: (861 Accounts)	\$470,283,525
	Non-Discretionary Assets: (63 Non-Discretionary Accounts)	\$88,904,986
	Total AUM: (924 Total Accounts)	\$559,188,511

Each Client's financial situation is assessed independently. JDLA schedules a meeting with Clients to review their "financial picture" or make a recommendation for a specific situation.

If the consultation will result in the review of a specific situation only, JDLA requires the Client to provide pertinent information so JDLA can prepare an analysis prior to the scheduled appointment. JDLA provides long-term track records during the consultation; discusses volatile market climates, risks and opportunities, among other factors. Thereafter, JDLA reviews market alternatives that appear to be suitable in light of Client-specific data. This process is designed to help the Client(s) determine their investment objectives and risk tolerance, which are required to identify the appropriate products for the Client. Investment Adviser Representatives ("IAR") of JDLA will also provide multiple investment alternatives. During this process, JDLA discloses fees and expenses of any recommended investment. For non-discretionary accounts, Clients of JDLA will share with the Client its opinion on which investment(s) meet their risk tolerance, goals and objectives. Otherwise, JDLA determines the investments that meet the risk tolerance, goals and objectives (*for discretionary asset management accounts*).

JDLA classifies and routes its investment advisory business in several ways, as depicted in the tables below:



JDLA Investment Advisory Services	Clearing Arrangements
1) JDLA	Mutual Fund Direct
➤ <i>Discretionary</i>	
➤ <i>Non-Discretionary</i>	
2) JDLA	Wedbush
➤ <i>Discretionary</i>	
➤ <i>Non-Discretionary</i>	
3) 3rd Party Managers	Wedbush (usually, but can vary)
➤ <i>Discretionary</i>	
4) JDLA and/or 3rd Party Managers (on Schwab Platform or in Schwab Marketplace)	Schwab
➤ <i>Discretionary</i>	
➤ <i>Non-Discretionary</i>	

JDLA has an affiliated broker/dealer, JDL Securities Corporation (“JDLS”), Member FINRA/SIPC, which clears its securities transactions through Wedbush Securities, Inc. (“Wedbush”), a registered securities broker/dealer, member FINRA/SIPC. JDLA understands that Wedbush performs regular due diligence reviews on investments that JDLA uses. In addition, JDLA consults with industry professionals, mutual fund managers and has access to current research through Wedbush. Furthermore, JDLA maintains ongoing subscriptions to assist with analyzing specific investments, their risks, fees and expenses and the longevity of each investment’s management team.

Non-Discretionary Investment Advisory Services

JDLA offers its advice to Clients for a fee. These services are asset-based pricing services where an IAR of JDLA offers advice about the respective Client’s portfolio, based upon suitability of the investment alternatives. Although JDLA generally pre-clears investment choices with the Client prior to their purchase in accounts designated as discretionary accounts, it does retain discretion to select the particular securities purchased for certain clients. Client retains discretion to reject any mutual allocations made, thereby compelling JDLA to reallocate the portfolio according to the Client’s instruction. Even in discretionary accounts, JDLA will make changes in the Client’s portfolio upon the Client’s request.

The value of investments may rise or fall dramatically at any point in time throughout the year, and it is Client’s obligation, and not JDLA’s obligation, to monitor those investments throughout the year. JDLA expects to conduct an annual review of Client’s portfolio, and may elect to conduct more frequent reviews at the Client’s request (*not more frequently than quarterly*).

JDLA provides customized investment advisory services on a “fee-only” basis. As an investment adviser, JDLA’s goals include assisting the Client in making informed investment decisions to maximize total investment returns over a generally specified time

horizon, subject to their tolerance to risk. Such accounts will be opened with JDLS and either (i) carried with Wedbush (or sometimes another clearing firm if a 3rd party money manager uses another clearing firm), (ii) carried with Schwab Advisor Services, a division of Charles Schwab & Co., Inc. (individually or jointly, "Schwab") and/or (iii) held directly with the respective mutual fund company or its transfer agent. If the mutual funds are carried by Wedbush or Schwab ("Qualified Custodians"), depending upon the way the particular Client account is established, Wedbush or Schwab, respectively, will execute purchase and sales orders through the respective brokerage firm after such orders are submitted by the registered representatives ("RR" or "brokers") of JDLS or Schwab. In other words, if the orders are handled through the clearing broker/dealers referenced above, then they will execute purchase, allocation and redemption requests through the market makers they use in order to seek best execution, whereas the assets will be held in custody at the Qualified Custodians. Otherwise, if the investments are submitted directly to the mutual funds, then the mutual funds or their transfer agents will typically assume the responsibility for processing purchase, sale and redemption requests. The Qualified Custodians, including the respective mutual fund company or designee, will prepare and mail transaction confirmations and summary periodic statements to clients.

General Terms and Conditions

1. Where accounts are advised for related entities or related Clients, values of the related accounts may be grouped for fee computation purposes. Requested grouped status is subject to approval of JDLA, at JDLA's sole discretion, and accordingly such requests may be declined.
2. Fees are paid on a quarterly basis in advance. Fees for the initial quarter will be paid by the Client prior to the 15th business day of the first month after the account is opened or, for existing accounts transitioning from a brokerage platform to an investment advisory platform, within 15 days of the transition date and quarterly thereafter.
3. The value of the assets will not be reduced by the amount of margin indebtedness, if applicable, or increased by the amount of any margin credit, if applicable.
4. After the initial quarter, fees will be paid by the Client for the present fiscal quarter prior to the 15th business day of the first month in the present fiscal quarter.
5. Fees are generally charged directly to the Client's Account, which shall be paid by the cash or money market portion of the Client's Account, but may also be paid from other funds as directed by the Client. If there is an inadequate balance in Client's money market or cash account, then Client hereby authorizes JDLA to reallocate assets sufficient to pay the fee. Otherwise, any such re-allocations shall require advance consent from the Client.
6. Any Clients who wish to terminate this Agreement must provide written notification of their request. Fees will be prorated to the date of termination and refunded promptly. If the activity is of such a level that a termination

fee is charged by the custodian, that termination fee may be deducted from the refund.

Written disclosures of the Client shall take precedence over oral disclosures, and written disclosures occurring later in time shall take precedence over any earlier disclosures, to the extent that any conflicts exist. In the event of a conflict between a more recent oral disclosure and the earlier and most recent written disclosure with which there is a conflict, the particular written disclosure shall, if not current, be updated to reflect the current information. In all cases, such advice shall be rendered based upon the Client's current goals, objectives and risk tolerance.

Discretionary Investment Management Services

Unless the context otherwise requires or limits the applicability of any particular provision, the information otherwise contained above in the section entitled "non-discretionary investment advisory services" applies here. In addition to non-discretionary investment advisory services, JDLA may manage accounts with discretion. In order to do so, the Client will indicate that desire as part of signing the Investment Management Agreement and by completing a 3rd party trading authorization instrument/document. Ordinarily, such discretion is reserved for mutual fund portfolios where the Client has not wanted to be involved in pre-authorizing every trade and mutual fund allocation. JDLA will utilize its Client profile data gathered as part of the investor profiling process, resulting in an investor profile.

Other areas of discretion include (i) determining what to sell to cover any systematic withdrawals from the account, (ii) determining what to sell when the Client needs an unusual withdrawal from the Account and (iii) determining what to buy when the Client adds money to the account in the form of IRA contributions or otherwise.

Investment Advisory/Management Process

In general, the investment advisory/management process will consider any or all of the following areas of concern:

- **PERSONAL**: Family records, budgeting, personal liability, estate information and financial goals.
- **TAX & CASH FLOW**: Income tax and spending analysis and planning for past current and future years. We will illustrate the impact of various investments on a client's current income tax and future tax liability.
- **DEATH & DISABILITY**: Cash needs at death, income needs of surviving dependents, estate planning and disability income analysis.
- **RETIREMENT**: Analysis of current strategies and investment plans to help the client achieve his or her retirement goals.

- **INVESTMENTS**: Analysis of investment alternatives and their effect on the Client's portfolio. JDLA generally offers advice on investment company securities. Based on the individual needs of the Client, we may also evaluate and offer advice on a variety of mutual fund allocations designed to achieve Clients' investment objectives. JDLA does not review casualty insurance (e.g., home owners, auto, liability, etc.). Clients are responsible for having such matters reviewed by an outside casualty firm.

JDLA gathers the required information through in-depth personal interviews and a data gathering process. With respect to its investment management process, JDLA approaches its investment management process as follows:

Step 1: Analyze Client Goals and Objectives

This part of the process is considered the most important part of JDLA's investment management process due to the fact it is the basis upon which JDLA builds the clients' portfolios. This foundation is based upon how clients answer the following questions:

1. At what stage of asset growth do you consider yourself: wealth accumulation or distribution?
2. How much risk of loss and volatility are you willing to assume for a given rate of return?
3. What is your time frame for reaching your various financial goals?
4. What are your current cash needs and liabilities?
5. What is your current tax situation?

As part of the information gathering process, JDLA may utilize a more detailed document to develop an investor policy guideline referenced in Step 2 below.

Step 2: Formalize Investment Policy

Once JDLA has gained a significant understanding of your goals and objectives, JDLA will use this information to tailor an investment policy guideline for you. This statement reflects the portfolio management strategy, guides future investment decisions and establishes a record for information regarding your investment time frames, objectives, tax-sensitivities, risk tolerance, etc.

Step 3: Design Optimal Portfolio

JDLA will use your investment policy guideline as a baseline for the design of your long-term investment portfolio. From the policy, JDLA will build an asset allocation model that will determine your portfolio performance sought.

JDLA will select one of its proprietary risk models and produce asset allocation scenarios defining a number of different asset blends that is capable of meeting the expected rate of return while maintaining your acceptable level of portfolio risk. JDLA will then work through these scenarios to determine which one best fits your needs in light of existing resources and investment objectives. You may need a combination of these models in an effort to meet both your short-term and long-term goals.

Step 4: Portfolio Implementation

Once your asset allocation is selected, JDLA will begin to implement your portfolio design if the Client has also elected to receive either ongoing non-discretionary investment advisory services or investment management services. JDLA will carefully choose and evaluate the investment options available via JDLA and the clearing broker/dealer platform utilized by JDLS. JDLA has done its due diligence on the mutual fund options and independent money managers, analyzing characteristics such as management, past performance, future goals and strategies, qualifications (including their investment philosophies), sector allocations, and other factors. Portfolio rebalancing and other implementation activities may require that you sign a Limited Power of Attorney for Purchases and Sales of Securities, allowing JDLA limited trading discretion of your accounts.

Step 5: Performance Reporting and Measurement

JDLS provides customized reports at least annually and more frequently upon request. Your report allows you to monitor the performance of your investment portfolio compared to appropriate benchmarks. In addition, you will automatically receive quarterly statements from the respective custodians and you may have online access to view activity should you choose to take advantage of the service.

Step 6: Portfolio Monitoring and Rebalancing

Our asset allocation, mutual fund and money manager selection processes are carefully tailored to the Clients' needs. Although our asset allocation models tend to remain consistent, we review them periodically and will occasionally modify them to reflect fundamental market conditions, or changes in your objectives or circumstances. In addition, we periodically monitor the performance of our selected investments and fund managers, making recommendations as deemed appropriate. Although you may grant us investment discretion, you may also revoke that discretion. Moreover, it is very important that you communicate with our firm regarding any life or financial changes which may affect your investment policy guideline and long-term financial goals.

Throughout our relationship, JDLA will endeavor to maintain a high level of personal contact with you to help achieve your financial goals and recommends that you to take advantage of regular portfolio reviews.

3rd Party Investment Management

Some of JDLA's larger accounts prefer to own individual stocks in separately managed accounts and will use the services of a professional portfolio manager who can personalize the management of their account for tax purposes or other specific management styles. Typically, the portfolio managers manage only a portion of the overall household portfolio of the Client.

In these cases, the Client will sign a management agreement with both JDLA and the outside professional money manager (Stewardship Partners and Lederer and Associates). The Web Sites for each of these services can be found at www.stewardshippartners.com and www.lederer-associates.com.

For such 3rd party portfolio management services, the portfolio manager will be given discretion over the trading of the account; in those cases, JDLA will not have discretion, but will act in an advisory capacity. The portfolio manager places the trades for the Client accounts (usually in block orders) through JDL Securities, and JDL Securities enters the orders into Wedbush's order entry system at no commission (just a flat \$15 "ticket" charge that covers the clearing fees of Wedbush).

The Client receives official confirmations and monthly statements from Wedbush (reflecting JDLS as the broker/dealer), and receives quarterly portfolio summaries from the respective portfolio manager. The Client will also receive a portfolio valuation disclosure/statement from JDLS reflecting the whole portfolio (all household accounts including the outside-managed assets) typically on a quarterly basis, but at least annually (depending on the account size and activity). JDLA directly oversees and reviews these managed accounts on a quarterly basis, and will discuss and review the whole portfolio with the Client at least annually or as needed/requested by the Client for rebalancing. JDLA will consult with the Client and the portfolio manager, and will make arrangements for the Client to meet or speak directly with the portfolio manager as requested.

Stewardship Partners charges an annual management fee of 60 basis points and bills the Clients' accounts *pro rata* on a quarterly basis. Lederer and Associates charges an annual management fee of between 75 and 100 basis points and bills the Clients' accounts on a quarterly basis.

JDLA charges an annual fee of 75 basis points for advisory services and bills the Clients' accounts *pro rata* on a quarterly basis. Considering both the portfolio management fees and the JDLA investment advisory fee, these Clients are not billed more than 1.75% per annum for the combined services on these accounts.

Schwab Program

Schwab provides products and services for investment managers and their clients. Such products and services include product and account services, administrative services, and information and resource services. JDLA maintains primary responsibility to communicate with its Clients, except for clients that Schwab may refer to JDLA through Schwab Advisor Network®. Schwab, however, has a responsibility to communicate with JDLA Clients via the issuance of account statements and trade confirmations.

Schwab will execute orders that JDLA or its Clients place, provided it receives securities or property in good deliverable form prior to settlement. Unless JDLA or the Client specifies that the order be executed in a specific exchange or market and Schwab has agreed to such execution, Schwab will, at its sole discretion, execute any order to purchase or sell securities in any location or on any market or exchange where such security is traded. Schwab will assume that all orders, unless specified otherwise, are “long.” All transactions are subject to Schwab’s house trading rules and policies and applicable rules, regulations, customs and uses of any exchange, market, clearing house or self-regulatory organizations.

Schwab will make available to JDLA price and other market data information upon reasonable request. Schwab obtains market data from industry sources that it deems to be reliable, but the accuracy, completeness, timeliness or correct sequencing of the market data cannot be guaranteed.

As with the fee debiting procedures for JDLA clients in general, Schwab will directly debit the Clients’ accounts, subject to certain control procedures, including, but not limited to, Receipt of Client’s Written Authorization to debit the account. JDLA will submit invoices to Schwab for the amount of fees to be charged.

As with securities custodians generally, Schwab retains a security interest, lien on and right to set-off with respect to investment management fees payable by Clients to Schwab for the benefit of JDLA and such rights pertain to all securities, money or other assets held in the Account, including proceeds from such assets.

Schwab Managed Account Services

Schwab’s Managed Account Services consist of the Managed Account Select® (“Select Program”) and the Managed Account Access® Program (“Access Program”). Both of these programs are jointly referred to as the “Sponsor Programs.” The other managed account services are referred to as the Managed Account Marketplace® (“Marketplace”).

The Managed Account Services include brokerage, custody, and related services that allow participating clients to engage money managers to provide discretionary investment portfolio advisory services to designated accounts opened and maintained at Schwab. In the Sponsored Programs, Schwab acts as a program sponsor. In the Select Program, Schwab provides research on a select group of managers. In the Access

Program, by contrast, Schwab does not undertake to perform any screening or due diligence in the acceptance of managers participating in that Program, and managers participating in the Access Program may or may not be affiliated with Schwab. The fee for Schwab's brokerage, custody, research and other services in the Sponsor Programs is bundled with the managers' fees for their portfolio management services.

Marketplace contains a relatively more extensive list of managers whose portfolio management services are available through Schwab. Schwab does not act as a sponsor in relation to the Marketplace, and its compensation for Marketplace services is separate from the manager's fee. Marketplace includes managers providing separate account management, overlay managers (including for multi-strategy portfolios and unified managed accounts), Turnkey Asset Management Providers ("TAMP") and sub-advisors to any of the foregoing that have trading authority over Client accounts. The TAMP may include separately managed accounts, multi-strategy portfolios, unified managed accounts, mutual fund wrap programs and exchange-traded fund wrap programs. For purposes of this section, managers include overlay managers, sub-advisors with trading authority and TAMP (*as well as any managers that are part of the TAMP's Program*).

If JDLA's Clients are interested in participating in the aforementioned programs, JDLA would be responsible for assisting interested Clients in selecting the appropriate manager. If so, the respective Clients would be obligated to sign a Client Account Agreement with Schwab, pursuant to which the respective Client would authorize managers to manage the Client's account(s) and Schwab would render its brokerage, custody and related services to the respective Client's account(s) and be authorized by the respective Clients to allow JDLA and the managers to share your Client account information and take such actions upon instructions of managers and JDLA. JDLA would assist Clients in completing and submitting Client Account Agreements to Schwab, including advising Clients about whether managers designated on Client Accounts will be sent certain issuer-related information (*such as proxies, tender offers, proposed mergers, rights offerings, exchange offers, warrants, certain prospectuses and annual reports*) that require managers to make voting decisions or take other actions regarding investments held in Clients' Accounts managed by the managers.

For Marketplace Accounts, JDLA will not submit to Schwab the Client Account Agreements until the appropriate manager has accepted its appointment, whereas JDLA will forward the Client Account Agreements for Sponsor Accounts promptly after being signed by the Client.

The fee that Client Accounts in the Sponsor Programs ("Sponsor Accounts") pay for Schwab's and managers' services is separate from the fee that the Sponsor Account will pay for JDLA's services. Client Accounts in the Marketplace will pay a separate fee for Schwab's services, JDLA's services and the manager's services. Marketplace Accounts may be designated either as transaction-based pricing or asset-based pricing.

Advice to Clients, Generally

JDLA, and not Schwab, will be responsible in providing advice to Clients regarding, among other things, the following:

- i. The appropriateness for a Client of managed accounts, asset-based pricing or bundled fees and other aspects of Schwab's Managed Account Services;
- ii. The appropriateness for a Client of the fee structure of any Sponsor Program or TAMP's service, and the fee applicable to any Marketplace Account;
- iii. The selection of any manager to manage a Client Account, including reviewing the manager's strategy, performance or disciplinary record or other due diligence information;
- iv. Any investment style, strategy or technique, including those of any manager and the allocation of the Client's assets;
- v. Any transaction in a Client Account effected upon JDLA's instruction; and
- vi. The ongoing performance and suitability of any manager and its investment strategy(ies) or program.

The appropriateness of working with the Client, upon paying either an asset-based fee or a transaction fees, may depend upon a number of factors, including, among others, the Client's investment objectives and financial situation, JDLA's and the respective manager's investment strategies and trading patterns, as well as the frequency of trading and the number and size of the transactions. If the number of transactions in the account is low enough in any given billing period, Schwab's portion of the bundled fees may exceed the commissions or other transaction charges that would otherwise have been charged for transactions effected in the respective billing period.

Document Delivery

Sponsor Accounts. JDLA shall deliver to each Client, no later than the time the Client completes a Client Account Agreement:

- i. A copy of Schwab's Managed Account Services Disclosure Brochure
- ii. The disclosure brochure, including any supplements, ("Manager brochure") and
- iii. Any privacy notice for manager.

Schwab is responsible for delivering updates to its Managed Account Services Disclosure Brochure, and each manager is responsible for delivering or offering to deliver updates to its manager brochure, privacy notice and other required documents.

Marketplace Accounts. Each manager will be responsible for any required initial delivery of its brochure and privacy notice, and also will be responsible for any subsequent offer or delivery to Clients of required updates to these documents.

Schwab's Role and Limitations Thereof

- i. Schwab is not serving as an investment adviser in its Managed Account Services with respect to any transaction in Client Accounts. Furthermore, Schwab does not recommend or endorse any manager to JDLA or its Clients.
- ii. Schwab will not be responsible for determining any Client's financial situation or investment objectives or determining the suitability for any Client or Client Account of separately managed accounts, any manager, asset-based pricing, bundled fees or any other aspect of Schwab's Managed Account Services, investment style or strategy or that of any manager.
- iii. Schwab will carry out transactions only as directed by a manager, a Client or JDLA. Schwab will send Client's confirmations and Account Statements. The name of the manager may appear on Schwab's Statements of the Client Account.
- iv. Schwab is not obligated to monitor the trading of any manager, JDLA or Client's trading in Client's Account.
- v. Schwab cannot verify or guarantee the accuracy, adequacy or completeness of the historical performance or other information made available to JDLA.
- vi. The manager may have other business relationships with Schwab, separate from Schwab's Managed Account Services, in connection with which the manager compensates Schwab for services (e.g., Schwab Advisor Network[®] and Mutual Fund OneSource[®]).
- vii. The investment strategy, techniques, portfolio securities and historical performance of a manager's separately managed accounts may differ materially from that of mutual funds or other accounts managed with a similar strategy by the same manager.

Authorizations

JDLA's will complete agreements prescribed by Schwab to authorize Schwab to:

- i. Provide JDLA and each manager with access to Client Account information;
- ii. Act on JDLA's instructions for Client Accounts with respect to

payment of fees and, to the extent the Client elects, with respect to trading and disbursing assets;

- iii. Act on JDLA's instructions, to the extent authorized by the Client, with respect to the Client's Additional, Funding or Optional Brokerage Accounts (*as defined in Schwab's Account Agreements*);
- iv. Act on the trading instructions of managers that have been designated to have trading authority;
- v. Furnish transaction information to each manager and send such combination of the Client, JDLA and/or the manager as the Client may specify, certain issuer communications; and
- vi. With respect to Marketplace Accounts, act on each designated manager's instructions for payment of the manager's fees.

Termination of Manager Authorizations

Schwab shall not be required to follow any instructions of any manager

- i. With respect to all Client Accounts managed by the respective manager, after the termination of the Manager Service Agreement between manager and Schwab;
- ii. With respect to a particular Client Account managed by the manager, after
 - A. The Client notifies Schwab in writing that it has revoked Client's selection of the manager,
 - B. The Client notifies Schwab in writing that it has terminated its agreement with JDLA,
 - C. The Client terminates the Client Account Agreement, or
 - D. Either Schwab or JDLA terminates the governing contractual arrangements between them.

If a manager is no longer available to manage the Sponsor Program Client Accounts, Schwab will notify JDLA and JDLA will discuss with any affected Client whether to select a new manager that is eligible to manage the Client's Account, switch the Client's Account to a different Sponsor Program or one of the Marketplace services for management by the manager, or take some other action. Schwab and the manager may agree to move a

particular investment strategy from the Select Program to the Access Program, in which event JDLA may elect to continue to have the Client's Select Program managed as an Access Program account subject to the same fees, but Schwab will not provide research or other information regarding a manager whose services are no longer being offered under the Select Program. It is also possible that Schwab and the Manager may move one or more of the managers in the Access program to the Select Program.

This is the end of the description of the investment advisory/management programs specific to JDLA's use of the Schwab program. The information below relates to JDLA's investment advisory/management program in general.

Mutual Fund Allocation Implementation; Discretionary and Non-Discretionary Investment Advisory Services

Brokerage recommendations of JDLA personnel are provided by RRs associated with JDLS. If Clients choose to implement the recommended mutual fund allocation through JDLA personnel, the broker/dealer is JDLS. JDLS performs due diligence on mutual funds. The purpose of the due diligence process is to evaluate the quality of the mutual funds. The role of JDLA is to determine which mutual funds complement the Client-specific suitability information.

JDLA will not assist Clients with placing trades that it did not recommend. However, its personnel who are RRs of JDLS may place those trades as brokers in unsolicited transactions (if not recommended by JDLA). For assets purchased by Clients that were not recommended by JDLA, JDLA will exclude those securities assets for investment advisory billing purposes, unless JDLA and the respective Client agree that JDLA will initiate advisory services on those securities going forward.

JDLA reserves the right to execute agreements with other registered investment advisers in order to have them manage or sub-advise the Accounts of JDLA Clients. If it does so, JDLA will conduct due diligence on them as contemplated in JDLA's Compliance Procedures. In such instances, JDLA may receive a portion of the account fee and JDLA would make available to the Client the Brochure of the other registered investment adviser(s).

Mutual Fund Fees

JDLA's investment advisory program primarily consists of providing investment advisory services relative to mutual funds and their allocations. JDLA receives a fee for its advice. Also, several representatives of JDLA serve as RRs/brokers of JDLS, the registered broker/dealer that receives brokerage commissions from the mutual funds recommended

by JDLA. The broker/dealer retains a portion of those commissions and pays the majority of the commission to the RRs who sold those securities products.

In addition to the foregoing, all investment advisory fees paid to JDLA for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees and expenses are described in the respective mutual fund's prospectus. These fees will generally include a management fee and other funds expenses. The distribution fee, referenced in the prospectus, is part of the commission referenced above, which is paid to the broker/dealer by the mutual fund companies.

Certain mutual fund share classes (A shares), which is a share class commonly used by JDLA, pay commissions directly to JDLS from the initial amount of money invested by the Client, whereas other mutual fund share classes absorb the distribution fees/commissions, which are indirectly paid by the Client. Such other share classes typically have higher fees or expenses over the intended life of the investment than A Shares (or adviser shares, if available), which typically reduces net returns over a long-term horizon. In other words, if the mutual fund imposes a commission (sales charge or "load"), a Client may pay an initial or deferred sales charge. Initial sales charges are generally deducted from the investor's initial investment funds. Such sales charges would be paid to the broker/dealer and thereafter to the respective RR of the broker/dealer. On the other hand, deferred sales charges are initially absorbed by the mutual fund itself, but passed on to the investor in the form of higher annual fees and/or traditionally lower annual returns.

A Client could invest in a mutual fund directly, without the services provided by JDLA. However, in that case, the Client would have to determine its investments without any advice of JDLA, which includes assessing which mutual fund or funds are most appropriate for the Client's financial condition, goals, objectives and investment time horizon. As with investment advisers generally, JDLA's service is investment advice.

The Client should review both the fees charged by the mutual funds and the fees charged by JDLA to fully understand the total amount of fees. Thereafter, the Client is in a better position to evaluate the product being recommended and the advisory services being provided.

Investing in certain securities, including mutual funds, has been the subject of significant regulatory consideration with respect to determining suitability in light of the fees, redemption rights and other factors.

B. MUTUAL FUND RISKS, FEES & SUITABILITY DISCLOSURES, GENERALLY

Regulators (*regulators and self-regulatory organizations governing the brokerage industry*) have developed documents that serve as advisory or educational pieces for the industry. An area of regulatory focus over the years has been mutual funds. In the ordinary course of business, JDLS will provide disclosures to JDLA Clients that open

accounts with JDLS regarding mutual funds risks, expenses, breakpoints, rights of accumulation, etc.

Fees & Compensation

INVESTMENT ADVISORY FEES

PORTFOLIO CONSTRUCTION, ADVICE AND PERIODIC REVIEW

Client will pay JDLA periodic fees for its investment advice. The fee will be calculated as a percentage of the market value of all advised assets in the Client's Account, including money market accounts, except for certain assets excluded for billing purposes, on the last trading day of the respective calendar quarter ("Quarter End Value"). The fees are established as specified herein, but may be negotiated to some extent. For the first partial quarter upon the opening of the Account or the transitioning to the investment advisory services, the fee shall be based upon the market value of assets subject to the Client contract ("Agreement") with JDLA as of the effective date of that Agreement. The advisory fee is payable quarterly in advance based upon the net asset value of the advised assets on the last day of the preceding quarter as reported by the mutual fund, mutual fund transfer agent or other applicable custodian. Pursuant to authority granted by Client to JDLA in the Client Agreement, the fees are deducted from the Client Account at the custodial broker/dealer and/or the mutual fund company. The Client will sign a fee authorization document with the Custodian or otherwise to instruct the custodian accordingly.

If the Client cancels the investment advisory relationship prior to the end of the respective billing quarter, then fees are refunded on a *pro rata* basis. In other words, the refund of fees collected in advance will be determined by a function which is calculated by dividing the number of days in the quarter for which investment services were in effect, by the number of total days in the quarter, and then multiplying that percentage by the amount of advisory fees charged in advance for the respective calendar quarter. That product is retained by JDLA, whereas the balance of the total fees collected in advance for that respective calendar quarter are returned to the Client within 5 days of JDLA receiving the notice of cancellation notice.

JDLA provides investment management and advisory services for which it ordinarily charges between 50 basis points (1/2%) and 100 basis points (1%) of the assets under management. JDLA will not assess its own investment management fees in excess of 100 points annually. However, the combined total of its fees, coupled with fees charged by 3rd party money managers, exceed 1% as otherwise disclosed and contemplated herein.

With respect to JDLA's fee, the basis points will either be 25, 30, 50, 75 or 100 points, paid in advance of the respective

fiscal quarter. In other words, the investment advisory fee will range between 1/4% to 1% annually, paid quarterly at the beginning of each quarter based on the size of assets managed, the amount of discretion, consulting needed, and any due diligence required. As stated above, fees are negotiable to some extent and such negotiating latitude generally depends upon the amount of work anticipated by JDLA and the nature of the account. The basis points are determined by the account size, with some exceptions: for example, a person may have a small account, but introduce other income to the JDLA that may be taken into consideration. Once again, if the Client terminates the business relationship prior to the end of the respective quarter for which fees have been paid in advance, then the Client is entitled to receive a *pro rata* refund of aforementioned investment advisory fees that have not yet been earned by JDLA.

Advisory and/or Management Fees for Mutual Fund Assets will be calculated and billed at the above rate minus the 12b-1 payments (-0.25%) paid to JDLS as the broker/dealer. JDLS also receives mutual fund loads/commissions for such products purchased, and those commissions are a consideration of JDLA's advisory fees. At the discretion of the IAR, JDLA may waive its advisory fees in consideration of any commissions that JDLS receives.

Even in accounts that are otherwise non-discretionary wherein it is possible to have an inadequate balance to pay the advisory fee, the Client shall duly authorize JDLA to reallocate the Client's account in order for the Client to be able to honor its fee commitment. Such limited authorization includes the authority to invest, sell, and reinvest proceeds in the account, at its discretion, without being obligated to obtain your prior confirmation of any proposed action.

Nothing reflected above shall be construed to grant JDLA any of the following powers:

- Discretionary authority to withdraw cash or make wire transfer money order payments to JDLA or 3rd parties;
- Authority to pay or receive funds of Client, except as referenced in the Custody section of your investment advisory contract with JDLA; and
- Power of Attorney or other right that would cause JDLA to have access to, or the right to convey Client assets, except as the Custodian may require for the sole purpose of having the Custodian deduct advisory fees from the account.

If required by Custodian, Client shall sign appropriate powers of attorney and they shall remain in force and effect until revoked, cancelled or terminated. Client should carefully review the governing investment advisory contract with JDLA and the powers of attorney prior to signing them. Custodian may require that Client periodically sign power of attorney forms.

JDLS/Wedbush impose transaction charges which are currently \$15 per trade per fund (*subject to change*) when distributions, reallocations and exchanges (*or modifications to automatic transactions*) are processed. Schwab's transaction charges for similar transactions, which JDLA will provide to Client prior to signing any client agreement

related to Schwab, are currently \$8.95 for equities and \$25 for mutual funds. Also, broker/dealers such as JDLS receive payments for the commissions/"loads" paid by the respective mutual fund company, as disclosed in the governing prospectus.

For assets other than mutual funds, the fees will be based upon the closing market value as reported by the custodian/clearing firm. As referenced above, in any partial calendar quarter, the advisory fee will be pro-rated based upon the number of days that the Account was open during the quarter. Client understands that Account assets invested in shares of mutual funds ("Funds") will be included in calculating the value of the Account for purposes of computing JDLA's investment advisory fees and the same assets will also be subject to other fees and expenses, as set forth in the prospectuses of those Funds, paid by the Funds, but ultimately borne by the Client.

For avoidance of doubt, fees are based upon services and advice rendered, not on investment performance. There will be periods of market decline. Accordingly, JDLA shall not be compensated on the basis of a share of capital gains or capital appreciation of the Funds or any portion of the Account value of Client.

As otherwise contemplated herein, JDLA also has RRs associated with JDLS, a registered securities broker/dealer and, as such, the RRs receive a portion of the A share loads/commission and 12b-1 fees that are paid by the respective mutual funds to the securities broker/dealer. Such RRs have a dual role insofar as they also serve as IARs of JDLA. The regulators recognize that registered investment advisers that receive compensation from the sale to a Client of securities may have an incentive to base investment recommendations on the amount of compensation the registered investment adviser in his/her capacity as an RR of the broker/dealer will receive rather than on the Client's best interests. Thus, a conflict of interest exists. Therefore, JDLA generally reduces its advisory fee charged by the amount of commission received. However, due to the desire to maintain relatively higher administrative efficiency and reduce tracking challenges, this fee offset does not apply to subsequent investment contributions into the same Fund. If 12b-1 fees that are payable to JDLS (for mutual fund assets attributed to a RR *who is also an IAR of JDLA*) are reduced or eliminated due to regulatory changes or otherwise, then the investment advisory fee shall be automatically increased to compensate for the reduction or elimination of 12b-1 fees.

Method of Paying/Collecting Fees

The Custodian shall, in the ordinary course of business, manage the Account fee collection. Under no circumstances may JDLA serve as the Custodian. Client should verify the accuracy of the fee calculation reflected in the Client Account statements and, if discrepancies or inaccuracies exist, Client should promptly notify JDLA.

The Custodian will debit Account fees and expenses on a quarterly basis. In order to debit the Account, the Client will grant the Custodian in writing the authority to do so.

Client shall sign appropriate letters of instruction or powers of attorney (between Client and Custodian) and such documents shall remain in force and effect until revoked,

cancelled or terminated. Custodian may require that Client periodically re-sign or update those forms.

OTHER FEES

There are other fees that may be charged for accounts that utilize 3rd party portfolio managers. Please refer to the sub-section in this Brochure entitled 3rd Party Investment Management, under the section above entitled Advisory Business.

3rd Party Management Fees	Fee Range
Stewardship Partners	60 bps
Lederer and Associates	75 bps – 100 bps
Schwab's Managed Accounts Services:	Transaction-Based or Asset-Based
<i>Sponsor Accounts</i>	<p>Payment for each manager's services as a single, bundled fee, to be deducted directly from each Sponsor Account. The bundled fee is based upon the value of assets in the Account and will cover most Schwab brokerage and related fees.</p> <p>To the extent that Sponsor Account assets are invested in money market funds for which Schwab serves as the investment advisor and/or sponsor, Schwab will earn advisory, distribution and/or other fees in addition to the bundled fee on such assets.</p> <p>Schwab may act as principal for trades of fixed income securities in the Sponsor Programs, but will not act as principal for equity trades. Principal trades are those in which securities are directly purchased from or sold to a financial institution acting as dealer or principal. When Schwab executes fixed income trades as principal for a Client Account in the Sponsor Programs, Schwab will realize the customary dealer profits or losses on the trade and, in the case of fixed income securities, will charge a mark-up or mark-down. Profit or loss on principal trades will be separate from and additional to, and will not reduce or otherwise offset, Schwab's bundled fee for the Sponsor Program Client Account. Schwab will not execute trades as principal for Client Accounts managed by affiliated managers in the Access Program.</p> <p>In addition to the bundled fee, Schwab may charge Sponsor Account Fees for special services elected by the Client, JDLA or the manager, including without limitation periodic distribution fees, electronic fund and wire transfer fees, certificate delivery fees and reorganization fees. For more information about fees, JDLA may obtain such information, upon request or account establishment, from the Schwab Institutional® Regional Sales Team.</p>
<i>Marketplace Accounts</i>	<p>Commission and other Fees apply for brokers used other than Schwab. Also, see Asset-Based Pricing Addendum to the Schwab Client Account Agreement</p>

Stewardship Partners charges an annual management fee of 60 basis points and bills the Clients' accounts *pro rata* on a quarterly basis. Lederer and Associates charges an annual management fee of between 75 and 100 basis points and bills the Clients' accounts on a quarterly basis.

For Clients managed in these 3rd party arrangements, JDLA charges an annual fee of 75 basis points for advisory services and bills the Clients' accounts *pro rata* on a quarterly

basis. Considering both the portfolio management fees and the JDLA investment advisory fee, these Clients are not billed more than 1.75% per annum for the combined services on these accounts.

There are other fees such as brokerage commissions and fees; mutual fund fees charged by the mutual fund companies; custody fees; administrative, processing and transaction fees assessed by JDLA, its custodians, broker/dealers and other 3rd parties. Such fees are not for investment advisory services provided by JDLA, but are incidental to the investment advisory services, including custodial and administrative functions.

Performance-Based Fees & Side-by-Side Management

JDLA does not charge performance fees.

Although it does not charge performance fees, the firm endeavors to provide annual position and performance reports to each Client. Moreover, Clients receive monthly or quarterly reports from the custodian with whom the assets are held. Transactional confirmations are forwarded to Clients by the custodian when activity occurs in their account(s).

JDLA performs investment advisory services for other Clients. JDLA may advise its various Clients, which have similar investment objectives, in a way that is not the same across all accounts. JDLA may give advice and take actions in the performance of its duties with respect to any of its other Clients that differ from the timing or nature of actions taken with respect to Client's account. JDLA shall not be under any obligation to purchase or sell for the Client's Account any securities that JDLA, its directors, officers, or employees may purchase or sell for its or their own Account(s) or purchase or sell or recommend for purchase or sale for Accounts of other clients if, in the sole discretion of JDLA, such action is neither practical nor desirable for particular Client's account(s).

Types of Clients

JDLA mainly advises individuals, charities, corporations and other businesses, pension and profit sharing plans and entities controlled by one individual or a family. The latter entities include pass-through entities, such as limited liability companies and partnerships, as well as trusts.

As of September 30, JDLA had 924 Accounts and a total assets under management of \$559,188,511. For new customers, if such figures differ significantly at any point in time after the effective date of this document, then JDLA will update you. JDLA anticipates acquiring additional accounts that may be managed in either a discretionary or non-discretionary basis. The condition for managing client accounts are that the Client signs

an Investment Management Agreement and that JDLA accepts its role and believes that it can manage according to the Client's investment objectives.

As disclosed herein, the minimum account size is generally \$100,000. Other requirements include providing the standard customer identification data, including unexpired driver's license or passport. With respect to Accounts registered in the name of an entity, JDLA requires documentary evidence of the company, its certificate or confirmation of good standing, the Partnership Agreement, Limited Liability Company/Operating Agreement, Trust Agreement, and material substantiating that the person opening any company or entity accounts has the authority to transact business and give instructions on behalf of such companies and entities.

Methods of Analysis, Investment Strategies & Risk of Loss

Methods of Analysis and Investment Strategies

JDLA utilizes fundamental analysis and asset allocation principles. JDLA focuses primarily on mutual fund selection, allocation and re-allocation as its investment strategy. JDLA evaluates the Client's investments to determine whether they are appropriate in light of the Client's financial/investment objectives, time horizon, risk tolerance and other relevant factors bearing upon the suitability of the investment. JDLA uses an information gathering form to help in its evaluation and selection of securities products. By gathering Client data, JDLA evaluates each Client and assigns them to an investment model profile. The model profile is based upon a score that considers the following categories: risk tolerance, time horizon and investment objectives. The models may either be used in their standard form or may be customized for each Client. Other factors may also be relevant, depending upon the disclosures made by the Client. JDLA searches for securities products that complement the Client's investment profile. JDLA designs and proposes investment portfolios tailored to meet the Clients' investment objectives ranging from growth, growth & income, income, and conservative objectives, as well as portfolios that are designed to capitalize upon international opportunities, specific sectors, etc. JDLA utilizes various sources of public information, including financial news and research materials. JDLA personnel consult specialists in financial planning and mutual funds, and JDLA personnel also utilize sources of information such as Thompson Reuters, Morningstar, Kiplinger, product wholesalers, money managers, trust attorneys and accountants.

Investing in Securities Involves Risk of Loss

Investing in securities involves risk of loss, which Clients should be prepared to bear. The investment portfolios resulting from any investment advice is subject to various

market, currency, economic, political and business risks. Investment decisions will be subject to risk. The price of securities can and will fluctuate. Any individual security may become valueless. Accordingly, the Client Account may lose value, including some or all of its principal.

Frequent Trading

JDLA does not utilize frequency trading strategies in the ordinary course of business. Its Clients may require such advisory services, which JDLA would evaluate on a case-by-case basis. As previously stated, JDLA primarily provides advice related to mutual fund selection, allocation and re-allocation. The nature of these investment advisory services is more appropriate for long-term investors. Accordingly, Clients should be prepared to maintain their securities positions in a manner consistent with their relatively longer-term investment objectives. Frequent trading can negatively affect investment performance and generate unnecessary trading costs. Moreover, certain products are designed to be long-term investments and, accordingly, are not designed to be traded. Mutual funds are an example of a securities product that is not designed to be traded on a short-term basis. While JDLA will make periodically reallocations among mutual funds in the same Fund family, it will not, in the ordinary course of business, buy and sell such products (i) outside of the same Fund family, (ii) buy, sell or exchange such products outside of the same Fund family on a short-term basis or (iii) otherwise engage in activities that would incur additional loads or commissions, because such activities would significantly and negatively impact the portfolio returns.

Material Risks Per Each Significant Investment Strategy, Method of Analysis & Security Type

The investment strategy used is one of asset allocation among a mutual fund family that is designed to reasonably seek those investment objectives specified by the Client. Selecting the appropriate mutual fund(s), and particularly an asset allocation among a variety of mutual funds in the same mutual fund complex, is generally designed to reduce risk through diversification, while matching the investment objectives of the Client with the management style and objectives of the respective mutual fund, including the risk tolerance and investment time horizon desired by the Client. Conceptually, the risks in such an approach are that the data gathered by JDLA does not enable JDLA to appropriately select the most appropriate mutual funds and that the mutual funds selected do not perform consistently with the Clients' investment objectives. Moreover, if the mutual funds do not perform as desired, or if there is "style drift" in terms of how the mutual funds are managed, there is a risk that the assets are not quickly or efficiently reallocated when such changes would be appropriate in light of the investment objectives and time horizon of the Client(s). Also, given the somewhat subjective nature of selecting mutual funds, such mutual fund selections and reallocations may not occur with such mathematical precision or metrics that some Clients may believe occurs in the analysis of their investment portfolios. The reallocation among Funds may not result in exactly the same percentage in each mutual fund; JDLA may make such reallocation decisions as determined to be prudent under the circumstances. Such reallocations will consider the

required minimum balance applicable to each of the respective mutual funds and money market accounts.

Regarding any risks associated with the security type, specifically including mutual funds, their risks are disclosed in the prospectus. The management style and risk assumed by the portfolio manager appointed by the respective mutual fund may not select portfolio holdings in an effective manner. Certain unforeseen company, industry and market events may occur that negatively impact investment return. The investment manager may not make the necessary defensive changes or portfolio adjustments in an effective manner. Moreover, the fees and expenses, as referenced in the section above entitled “Advisory Business”, may make the investment product relatively costly if the time horizon and investment objectives are not appropriately matched, and if the investment returns generated, if any, are accompanied by relatively more expensive management fees and other associated fees assessed by the mutual fund company.

There is a risk that the amount of money not invested into the market may miss opportunities for market moves. Implementing a strategy to invest Client assets into money market funds or other non-market products (“cash management strategies”) may result in opportunity losses. Moreover, attempts to reallocate investment funds back into the market at inappropriate market times may result in the negative performance oftentimes encountered by market timers. As determined between the IAR and the Client, JDLA may charge Clients for money market or other “cash balances”, and the risks of such a strategy are disclosed herein.

Once again, in the event that JDLA takes a defensive strategy regarding the Client’s investment portfolio, allocating a significant portion of the portfolio in money market instruments or other “non-market” investment options, then there is a risk that Clients will miss opportunities for capital appreciation. Thus, JDLA strives to match Clients’ investment objectives with the products that share the same or substantially similar investment objective. If circumstances change, but the portfolio does not also change, there is a risk of portfolio mismatch. In other words, the investment objectives of the Client or the mutual fund may have changed, but those changes may not have been updated and/or taken into account in the portfolio composition. It may be because the mutual fund manager’s investment style has drifted from the stated and understood investment style or because JDLA and/or Client have not adjusted its investment management approach to match the Client’s most recent investment objectives, time horizon, liquidity needs, etc. and therefore the corresponding portfolio has not been appropriately tailored in a timely or effective manner. However, any allocation strategy that does not achieve its targeted returns, so long as the allocation strategy is reasonably applied and applied according to this Brochure, does not necessarily suggest that the portfolio was not effectively allocated; there is no guarantee that a particular investment strategy will result in achieving the targeted returns.

For securities other than mutual funds, there is also a model risk and judgment error risk. JDLA utilizes the portfolio analysis steps contemplated elsewhere in this Brochure. As with any securities analysis, there is a risk that the securities chosen to match the

investment objective do not accomplish the anticipated objective due to market circumstances, the lack of adequate or accurate due diligence information, the materialization of unforeseen risks, etc. As with all securities, the prospectus should be a central part of the securities analysis, although other considerations are evaluated as well. The entire analysis, although robust, may not accomplish the objective of its inclusion in the Client's portfolio.

Disciplinary Information

There have been no material disciplinary events against JDLA.

Other Financial Industry Activities & Affiliations

The primary business of JDLA's affiliated broker/dealer, JDLS, is buying and selling mutual funds. It also conducts a general securities business, including buying and selling options, municipal securities and miscellaneous other securities.

JDLA is licensed as an insurance agency and certain associated persons of JDLA are eligible to transact insurance business. JDLA can receive insurance commissions for the sales or replacements of insurance policies. The sale of these insurance products accounts for approximately 1% of the business time of such personnel of JDLA; the remaining 99% of time of JDLA is dedicated to investment advisory business. Aside from JDLA business, such personnel also dedicate approximately 50% of their time to securities brokerage functions through JDLS, including sales and administrative support thereof.

JDLA is appointed with several life, disability and other insurance companies; associated persons of JDLA may be licensed with these companies as appropriate. JDLA personnel may recommend insurance products offered by these companies. If JDLA Clients purchase these products through JDLA personnel and their associated insurance agency (JDLA), then such personnel would receive sales commissions, which would be paid from the insurance company to the insurance agency, and, in turn, from the insurance agency to the registered individual insurance agent(s). A conflict of interest exists between the interests of those registered insurance agents and those of JDLA investment advisory clients. The Client is under no obligation to purchase products recommended by JDLA personnel - either through the registered insurance agents and their insurance agency generally.

As previously mentioned, JDLA has an affiliation with a securities broker/dealer (JDLS) that are material to its advisory business. The principal owner of JDLA, as well as other associated persons of JDLA, are also associated with JDLS as RRs/Principals. JDLS is

a securities broker/dealer and a member of FINRA/SIPC. Thus, personnel of JDLA may recommend securities products offered through JDLS. JDLS representatives may recommend investments to Clients on which the Client may also pay management fees to JDLA and/or broker/dealer commissions to JDLS, if, with respect to the commissions, the transaction(s) is/are effected through JDLS. In other words, if JDLA Clients purchase securities products through JDLA personnel registered with JDLS, such JDLS personnel will receive commissions.

A conflict of interest exists between the interest of those RRs and those interests of JDLA investment advisory clients. The Client is under no obligation to purchase what those RRs recommend or to purchase products either through the RRs and/or through JDLS generally, although, given its business model, it is unlikely that JDLA personnel would provide investment advisory services through an unaffiliated, 3rd party broker/dealer (except possibly for Schwab).

Personnel of JDLA may invest in the same mutual funds as do JDLA Clients. JDLA or individuals associated with JDLA may buy or sell securities identical to those recommended to Clients for their personal accounts. The expressed policy of JDLA is that no person employed by JDLA may purchase or sell any securities shortly before a transaction(s) being implemented for an advisory account, unless such securities are exempted (*such as mutual funds*) pursuant to applicable regulations (See the section entitled "Code of Ethics").

In addition, Clients of JDLA may have arrangements with third-party registered investment advisers. JDLS handles the Client accounts in accordance with the disclosures and parameters set forth in the account paperwork and other associated documentation.

Although it does not presently anticipate doing so, JDLA reserves the right to execute agreements with other entities and individuals to refer clients to JDLA. If it does so, JDLA may receive a portion of the account fee. If such arrangements are consummated, then JDLA will amend this Brochure to specify the fees and other terms of such Solicitor arrangements that apply to the Client.

Code of Ethics

CODE OF ETHICS-Generally

If any Client would like to receive a copy of the JDLA Code of Ethics, the Client may submit a request to the Chief Compliance Officer.

Succinctly stated, JDLA has adopted a Code of Ethics expressing the firm's commitment to ethical conduct. It describes the firm's fiduciary duties and responsibilities to Clients, and sets forth JDLA's practice of supervising the personal securities transactions of supervised persons with access to Client information. Individuals associated with JDLA may buy or sell securities for their personal accounts identical to or different than those recommended to Clients. It is the expressed policy of JDLA that no person employed by JDLA shall prefer his or her own interest to that of an advisory client or make personal investment decisions based on the investment decisions of advisory Clients.

The Code of Ethics is based on the principle that JDLA and each of its employees owe a fiduciary duty to JDLA's Clients and a duty to comply with federal and state securities laws and all other applicable laws and regulations. These duties include the obligation of Access Persons, including directors, officers and certain supervised persons, to conduct their personal securities transactions in a manner that does not interfere with the transactions of any Client or otherwise to take unfair advantage of their relationship with Clients.

An Access Person must offer an investment opportunity first to Clients before he or she or JDLA may act on that opportunity. No employee may engage in prohibited market timing of the shares of a mutual fund. No Access Person shall recommend any transaction by any Client without having disclosed his or her interest, if any, in such transaction, securities product or the issuer thereof. No Access Person shall reveal any proposed transactions in securities by one Client to another Client, any employee of JDLA, or any other person who does not need to know that information to process the Client's business. For purposes of the trading limitations contained within the Code of Ethics, mutual funds not affiliated with JDLA are exempted securities. Also, the obligation to approve trades in advance ("preclearance") does not apply to (i) certain transactions, (ii) purchases or sales of securities over which the Access Person has no direct or indirect influence or control, (iii) purchases or sales of securities that are non-volitional on the part of the Access Person (e.g., purchases made pursuant to an automatic dividend reinvestment plan), (iv) purchases or sales of securities that are not eligible for purchase by any Client; and (v) purchases of securities effected upon the exercise of rights issued by an issuer *pro rata* to all holders of a class of its securities.

Every Access Person shall certify on an annual basis, in writing, that he or she has:

1. received a copy of the Code of Ethics;

2. read and understands the Code of Ethics; and
3. disclosed, precleared (if applicable) and reported all transactions in Securities consistent with the requirements of the Code of Ethics.

Unless the activity is exempt, or otherwise covered by the receipt of quarterly statements received from another source, Access Persons must complete quarterly transaction reports.

Other concepts or disclosures related to the Code of Ethics are noted below:

POTENTIAL CONFLICTS OF INTEREST

The following are examples where registered investment advisers generally may have a conflict of interest with their Clients.

Generally

- Affiliated company arrangements and transactions
- Allocation of costs and expenses between Investment Advisers and Clients
- Brokerage placement, especially placement with affiliated broker-dealers
- Fee differentials
- Gifts and entertainment
- Multiple layers of fees
- Receipt of 12b-1 Fees for Distributing Mutual Funds
- Sales Commissions
- Outside Business Activities
- Personal trading
- Side-by-side management of accounts
- Third-party relationships (e.g., service providers)
- Trade errors/late trading
- Account Supervision by a Producing Manager or Employee who reports directly to the President
- Multiple Layers of Fees; Affiliated Companies

JDLA CONFLICTS OF INTEREST

Potential conflicts of interest may arise between the Client's interests and JDLA's interests in executing transactions as an investment adviser if the Client chooses at his or her sole discretion to implement all or part of the Program. JDLA may execute transactions through JDLS/Wedbush/Schwab as agent for a commission (payable to JDLS), while also assessing the Client an asset-based fee. If the Client proceeds with an investment advisory/management arrangement with JDLA, and/or chooses to retain such an arrangement after receiving this Brochure, the Client is thereby expressing that Client understands that conflict, acknowledges it and consents to it. The rationale for such consent may be that the Client wants JDLA's personalized investment advisory relationship and is willing to pay the commission, the investment advisory fees, as well as the management fees collected by the mutual fund company (see Fund prospectus) and 12b-1 or distribution fees paid by the mutual fund company to specified financial services

institutions, including JDLS. In consideration of the foregoing, JDLA seeks to reduce such conflicts by the way it offsets its advisory fees by certain commissions paid. See the section Entitled Fees & Compensation for more details.

Core Conflicts of Interest within JDLA's Business Model

- Gifts and entertainment
- Multiple layers of fees
- Receipt of 12b-1 Fees for Distributing Mutual Funds
- Sales Commissions
- Outside Business Activities
- Account Supervision by a Producing Manager or Employee who reports directly to the President
- Multiple Layers of Fees; Affiliated Companies
- In the Schwab Managed Account Services, and specifically in the Marketplace Accounts, Clients incur fees according to the Asset-Based Pricing Addendum to the Schwab Client Account Agreement, in addition to any commissions and/or other charges paid to broker/dealers other than Schwab that execute transactions for Marketplace Accounts, and therefore managers will have an incentive to execute most transactions through Schwab. This incentive could, in some circumstances, conflict with the manager's duty to obtain best execution of transactions for Marketplace Accounts.
- In the Schwab Managed Account Services, and specifically in the Sponsor Program, each manager has agreed in the Manager Services Agreement to execute trades through other brokers only when required by applicable law or when the manager reasonably believes that such other broker(s) will provide better execution, net of any additional resulting transaction charges, than would be the case if the transactions were executed through Schwab. Because Sponsor Accounts will incur Schwab's bundled fee in addition to any commissions and/or other charges paid to broker-dealers other than Schwab that execute transactions for Sponsor Accounts, manager will have an incentive to execute most transactions in equity securities through Schwab. This incentive could, in some circumstances, conflict with a manager's duty to obtain best execution of transactions in Client Accounts.

In the course of JDLA providing services to Clients, JDLA may recommend that the Client (i) purchase or sell securities, (ii) enter into managed accounts relationships and/or (iii) purchase products underwritten by insurance carriers. In recommending the purchase of securities, IARs of JDLA may transact business in securities, and be paid based upon those transactions, if such persons are RRs of a broker/dealer such as JDLS.

By accepting JDLA's services, Client consents and agrees that IAR of JDLA may receive commissions or fees on any transactions in securities, managed accounts, insurance products, if and when JDLA's advice is implemented by Client, and executed upon the instruction of JDLA personnel.

Other Conflicts Controls

JDLA has established the following restrictions in order to promote its fiduciary responsibilities:

- 1) A director, officer or employee of JDLA shall not buy or sell securities for their personal portfolio(s) (except those securities exempted above) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No person of JDLA shall prefer his or her own interest to that of the advisory client.
- 2) JDLA maintains a list of all securities holdings for itself, and anyone associated with this advisory practice with access to advisory recommendations. These holdings are reviewed on a regular basis by the Chief Compliance Officer or other appropriate person of JDLA.
- 3) All Clients are informed that certain individuals may receive separate compensation when effecting transactions during the implementation process.
- 4) Any individual not in observance of the above is subject to termination.

INSIDER TRADING PROCEDURES

JDLA gathers information about Clients in order to serve as an investment adviser. Thus, a potential conflict of interest arises if Clients disclose information about their employer that is non-public information. Ordinarily, however, JDLA does not have Clients who are employees of public companies. While that mitigates some of the risks vis-à-vis insider trading, JDLA employees are nevertheless prohibited from trading in their personal accounts based upon non-public information that may be disclosed in the course of the information gathering process mentioned above. JDLA's anti-insider trading procedures are designed to prevent the misuse of material, nonpublic information by JDLA and its officers, directors and employees. These procedures are inextricably related to the Code of Ethics articulated above.

COMPLIANCE POLICIES AND PROCEDURES

In accordance with the regulatory requirements governing the investment advisory industry, JDLA has developed compliance policies and procedures that are designed to promote the compliance with the laws and regulations governing the investment advisory business. Such policies and procedures address a variety of matters, including (i) how to process new and existing client business; (ii) how to comply with regulations governing matters such as anti-money laundering, anti-insider trading prohibitions and privacy regulations; (iii) disclosure practices; among other matters of importance.

Brokerage Practices

Succinctly stated, due to its business model, JDLA feels that by using an investment advisory platform of a clearing broker/dealer, it reduces JDLA's operational control and responsibility, thereby simplifying some of the JDLA's compliance challenges. JDLA does not have within its own operational environment the types and/or levels of conflicts of interest that investment advisory firms have that engage in order routing on a trade-by-trade basis, including the possibility for soft-dollar practices and various order handling practices. Moreover, because the focus of JDLA is on mutual fund allocation, the obligations and practices of best execution and order handling related to brokerage decisions do not apply to the purchases of mutual funds themselves. Nevertheless, if JDLA were to engage in investment advisory business for products other than mutual funds and NAV-priced products, then JDLA would obtain disclosures and/or assurances from the other associated parties contemplated herein regarding their brokerage practices and/or the appropriateness thereof.

JDLA conducts its brokerage business through JDLS/Wedbush or through the Schwab platform. For investment advisory/management accounts held at Schwab, Schwab handles the brokerage practices.

THE CUSTODIANS AND BROKERS WE USE

JDLA does not maintain custody of assets that we manage. Your accounts must be maintained in an account of a "qualified custodian," generally a broker/dealer or a bank. For clients whose investment portfolio managed by JDLA utilizes Schwab's services, JDLA recommends that its clients use Charles Schwab & Co, Inc., registered broker/dealer, member FINRA & SIPC, as the "qualified custodian." JDLA is independently owned and operated and not affiliated with Schwab. Schwab will hold your assets in an account and buy and sell when JDLA instructs Schwab to do so. While we recommend that you use Schwab as the custodian/broker, you will decide whether to do so and open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you. If you do not wish to keep your accounts at Schwab, Wedbush or directly with the mutual funds, then JDLA generally will not manage your account, particularly at the current fee structure. However, on an exception-basis, if (i) your account is maintained at Schwab, (ii) you want to use other brokers, and (iii) JDLA desires to keep the account under those circumstances, then we would use other brokers to execute trades for your account, as described in the next paragraph.

HOW WE SELECT BROKERS/CUSTODIANS

JDLA seeks custodians/brokers that hold your assets and execute your transactions on terms that, in our assessment, are overall the most advantageous when compared with other available providers and their services. We consider a wide range of services, including, but not limited to, the following:

- A combination of transaction execution services combined with asset custody services (generally without a separate fee for custody);
- Capability to execute, clear and settle trades (buy and sell securities for your account);
- Capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.);
- Breadth of investment products made available (stocks, bonds, mutual funds, exchange-traded funds (ETFs), etc.);
- Availability of investment research and tools that assist JDLA in making investment decisions;
- Quality of services;
- Competitiveness of the price of those services (commission rates, margin rates and other fees, etc.) and willingness to negotiate them;
- Reputation, financial strength and stability of the provider;
- Their prior services to us and our other clients; and
- Availability of other products and services that benefit us.

Your Custody and Brokerage Costs with Schwab: For our client accounts that Schwab maintains, Schwab generally does not charge you separately for custody services, but is compensated by charging you commissions and other fees on trades that it executes or that settle into your Schwab account. For some accounts, Schwab may charge you a percentage of the dollar amount of assets in the account in lieu of commissions. In addition to commissions and asset-based fees, Schwab charges you a flat dollar amount as a “prime broker” or “take away” fee for each trade that we have executed by a different broker/dealer but where the securities bought or the funds from securities sold are deposited (settled) into your Schwab account. These fees are in addition to the fees or other compensation paid to the executing broker/dealer. Because of this, in order to minimize your trading costs, Schwab executes most of your trades.

Products and Services Available to JDLA Through Schwab: Schwab Advisor Services (formerly called Schwab Institutional) is Schwab’s business that serves other advisers like JDLA. They provide us and our clients with access to institutional brokerage services – trading, reporting, custody and related services – many of which are not available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage and administer our clients’ accounts while others help us manage and grow our business. Schwab support services are generally available on an unsolicited basis (JDLA does not have to request them) and at no charge to JDLA.

Services that Benefit You under the Schwab Relationship: Schwab’s institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab might include some to which JDLA and its clients may not otherwise have access or that would require a significantly higher

minimum initial investment by our clients. Schwab's service described in this paragraph generally benefit you and your account.

Services that May not Directly Benefit You under the Schwab Relationship:

Schwab also makes available to us other products and services that benefit JDLA but that may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research of both Schwab and the research of 3rd parties. We may use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements);
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- Provide pricing and other market data;
- Facilitate payment of our fees from our clients' accounts; and
- Assist with back-office functions, recordkeeping and client reporting.

Services that Generally Benefit Only JDLA under the Schwab Relationship:

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events;
- Technology, compliance, legal and business consulting;
- Publications and conferences on practice management and business succession; and
- Access to employee benefits providers, human capital consultants and insurance providers.

Schwab may provide some of these services itself. In other cases, it will arrange for 3rd party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a 3rd party's fees. Schwab may also provide us with other benefits such as occasional business entertainment of our personnel.

Our Interest in Schwab's Services: The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We believe that our selection of Schwab as custodian and broker is in the best interests of our clients. It is supported by the scope, quality, and price of Schwab's services (based on the factors discussed above – see "How We Select Brokers/Custodians") and not Schwab's services that benefit only us.

Aside from mutual fund applications submitted directly to the respective mutual fund companies, JDLA clears its securities trades for current business through Wedbush or

Schwab. JDLA does not make decisions to “direct” trades to Wedbush or Schwab because of research or “soft dollar” benefits.

Notwithstanding the foregoing, JDLA believes that Wedbush’s and Schwab’s fees are reasonable and competitive. Subject to the disclosures made above regarding certain conflicts that may exist with managers using the Schwab platform, JDLA understands that the investment advisory platforms operated by Wedbush and Schwab engage in order routing practices through multiple broker/dealers in order to seek best execution. If JDLA were to commence coverage of individual stocks and other exchange listed products that have an intra-day pricing market, then JDLA would periodically review the best execution reports available through Wedbush/Schwab, including the trade aggregation and allocation policies, which JDLA would, in turn, disclose to its Clients.

CLIENT BROKERAGE

JDLA does not make brokerage decisions when providing advisory services about which broker/dealer, venue, market or exchange to utilize, except that it has a dedicated brokerage relationship with JDLS as otherwise disclosed herein, and 2 investment advisory platforms that it may use (Wedbush and Schwab). Securities transactions occur through the clearance and settlement facilities of Wedbush, Schwab or directly with the respective mutual funds or their transfer agents. If JDLA were to accept Client requests to exercise discretion on the purchase of stocks and other non-mutual fund securities, then JDLA personnel who are registered with JDLS would place such transaction orders into the remote order entry system utilized by Wedbush/Schwab, and the execution of those orders would be routed to the market maker and/or market center selected by Wedbush/Schwab, in accordance with its/their order routing practices. Some Wedbush/Schwab order routing information may be found on-line at <http://www.wedbush.com/order-routing> and http://www.schwab.com/public/schwab/nn/legal_compliance/important_notices/order_routing.html

EMPLOYEE BROKERAGE

JDLA has employee trading policies and procedures that are embodied within its Code of Ethics and its anti-insider trading policy, which is designed to place its Clients’ interests ahead of the employees’ interests. Since JDLA’s Client recommendations are generally limited to mutual funds, which are priced at Net Asset Value (“NAV”) as of the close of the respective market day, the trading policy is not generally relevant for the nature of JDLA “employee trading”, but is focused on listed securities that have an intra-day pricing market. Therefore, the preponderance of JDLA’s trading policy in practice relates more to avoiding trading in employee accounts based upon inside information obtained from the Clients or elsewhere. Since most, if not all, of JDLA’s clients do not work for public companies, the focus is mainly on the receipt on non-public information about other companies. As JDLA gathers information about Clients in order to serve as an investment adviser, potential conflicts of interest may arise if Clients disclose information about their employer or other parties that is non-public information. Employees are prohibited from trading in their personal accounts based upon non-public information.

In addition to the procedures referenced above in the section entitled Conflicts of Interest, JDLA Code of Ethics applies to employee brokerage practices of non-exempt securities, specifically including, but not limited to:

Personal Securities Transactions. No Access Person may:

- purchase or sell, directly or indirectly, a security for his or her own account within (A prescribed number of days before and after) the time that the same security or related security is being purchased or sold by any Client; or
- purchase or sell, directly or indirectly, a security for his or her own account that is the same security or related security that is the subject of a buy or sell recommendation to any Client.

PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS

In the traditional sense, JDLA does not participate in or have a proprietary interest in Client transactions. All orders are placed on an agency basis or occasionally on a riskless-principal basis for the benefit only of the Client.

Review of Accounts

Approval & Delivery of Client Account Forms

Each new Client account opening form(s) must be approved by the Chief Compliance Officer before a Client's account is opened with JDLA and the broker-dealer or other financial institution that maintains Client's securities account. Such approval shall be granted only if the Chief Compliance Officer confirms that all essential facts regarding the Client and the nature of the Client are true and correct to the best of her knowledge.

Review of Accounts

The IAR and the CEO, President or Designated Supervisor will review each managed account on an annual basis or more frequently. Transactions are monitored on a daily basis. The Chief Executive Officer/President, CCO and the IAR responsible for pension plans will review accounts quarterly. The review may result in instructions about whether it is necessary to reallocate positions for tactical, strategic or compliance reasons. Unless an account is concentrated, which JDLA does not recommend, the reviews do not have different levels. Another factor triggering reviews is market volatility. Derek Lewis, Kelly Dunagan, Doug Hyepock, Rion Dalby, Rob Knutsen and Ed McGlasson may request a review of the account due to performance or change in objectives.

The Chief Executive Officer/President instructs Ms. Espinili to apprise him of any compliance concerns that Ms. Espinili has or forms about the portfolios or their allocations.

Clients receive quarterly reports from the mutual fund company. Also, JDLS provides the Clients an annual position report, disclosing the account allocation, account value and change in value. The respective custodians provide monthly/quarterly account statements.

Privacy Reviews

JDLA shall provide a copy of its Privacy Notice to each individual who becomes a Client of JDLA no later than the establishment of the advisory relationship, unless:

- establishing the Client relationship is not at the Client's election, or
- providing notice at such time would substantially delay the Client's transaction and the Client agrees to receive the notice at a later time, in either of which cases the Privacy Notice shall be provided within a reasonable time after establishment of the Client relationship.

The privacy procedures are designed to:

- Ensure the security and confidentiality of Client information;
- Protect against any anticipated threats or hazards to the security or integrity of Client records and other Client information; and
- Protect against unauthorized access to, or use of, client information that could result in substantial harm or inconvenience to any Client.

JDLA will maintain an updated Privacy Notice. The Privacy Notice will describe:

- The categories of nonpublic personal information that JDLA collects;
- The categories of nonpublic personal information that JDLA discloses;
- The categories of affiliates and nonaffiliated third parties to whom JDLA discloses nonpublic personal information, other than those parties to whom JDLA discloses information under exceptions contained in the governing privacy laws;
- The categories of nonpublic personal information about JDLA's former Clients that it discloses and the categories of affiliates and nonaffiliated third parties to whom JDLA discloses nonpublic personal information about its former Clients, other than those parties to whom JDLA discloses information under exceptions contained in the governing privacy laws;
- Whether JDLA discloses information under applicable privacy law exceptions;
- If JDLA discloses nonpublic personal information to a nonaffiliated third party, the notice will contain a separate statement of the categories of information it discloses and the categories of third parties with whom it has contracted that receive such information;
- An explanation of the consumer's right under Regulation SP to opt-out of the disclosure of nonpublic personal information to nonaffiliated third parties, including the method(s) by which the consumer may exercise that right at that time; and

- JDLA's policies and practices with respect to protecting the confidentiality and security of nonpublic personal information.

A copy of the Privacy Notice shall be provided to:

- An individual who becomes a "customer" of JDLA no later than when JDLA establishes a customer relationship, or a "consumer," before JDLA discloses any nonpublic personal information about the consumer to any nonaffiliated third party; and
- Existing customers each year by March 31.

JDLA shall satisfy the annual delivery requirement if it provides its privacy notice to each Client at least once in any period of 12 consecutive months during which that Client relationship exists.

JDLA will provide privacy notices and opt-out notices so that each consumer can reasonably be expected to receive actual notice in writing or, if the consumer agrees, electronically. JDLA may reasonably expect that a consumer will receive actual notice if it:

- Hand-delivers a printed copy of the notice to the consumer;
- Mails a printed copy of the notice to the last known address of the consumer; or
- For the consumer who conducts transactions electronically, posts the notice on the electronic site and requires the consumer to acknowledge receipt of the notice electronically.

APPROVAL AND DELIVERY OF CLIENT ACCOUNT FORMS

Each new Client account opening forms must be approved by the Chief Compliance Officer of JDLA before a Client's account is opened with JDLA, although any trade orders and/or transfer paperwork will not be held or delayed for brokerage business through JDLS if such clients are already approved for trading with JDLS. If and when the investment adviser paperwork is received in good order, then the account can be treated as an investment advisory account. Such approval shall be granted only if the Chief Compliance Officer confirms that all essential facts regarding the Client and the nature of the Client are true and correct to the best of her knowledge.

After a new Client has completed the Client account opening forms, including the brokerage account application, and has executed an investment advisory contract with JDLA, the Chief Compliance Officer will generally approve the account for processing by the broker/dealer and/or the mutual fund company.

Client Referrals & Other Compensation

MARKETING & REFERRAL ARRANGEMENTS

JDLA generally gains investment advisory/management Clients by “word-of-mouth” and “face-to-face” meetings. However, from time to time, JDLA may advertise its advisory services, although it presently does not have any referral arrangements where JDLA pays for Client referrals. JDLA reserves the right to execute agreements with other entities and individuals to refer clients to JDLA. If such arrangements are consummated, then JDLA will amend this Brochure to specify the terms of each such Solicitor arrangement and provide the Client a fee disclosure brochure as contemplated in the governing regulations.

JDLA may execute agreements with other registered investment advisers in order to have them manage or sub-advise the accounts of client. In those cases, JDLA will conduct due diligence on them as contemplated in the Compliance Procedures. In such instances, JDLA would make available to the client the disclosure Brochure of the other registered investment adviser(s).

Aside from the foregoing, other parties that are not advisory Clients pay JDLA or its personnel for selling certain securities products, but not necessarily for providing investment advisory services. Specifically, mutual fund companies sponsor trips, meetings or conferences related to the products themselves, not the nature of the account relationship. In other words, such products and the associated benefits referenced herein can apply whether the products are subject to a brokerage relationship or an investment advisory relationship. These trips are designed to be educational in nature, but may have benefits that extend beyond merely educational benefits. Because Derek Lewis sells a relatively significant amount of American Funds, American Funds sponsors Mr. Lewis to attend one annual meeting that affords him the opportunity meet and speak directly with American Funds’ portfolio managers and executives. The meetings usually occur near one of the research facilities of American Funds. Based on the flights, room rates and meals, the estimated cost reimbursed to JDLA or JDLS for the 3 day trip is \$1,200-\$1,500.

Objectively speaking, the concern that should be disclosed to the extent applicable is whether there is a payment or benefit being paid by a 3rd party such as a mutual fund sponsor that results in the registered investment adviser buying securities for a Client that is not in the best interest of the Client. To the extent that the foregoing meetings or conferences present a conflict of interest, JDLA, JDLS and Wedbush have conducted due diligence on American Funds and some other Funds and, based upon their findings, JDLA believes that utilizing those Funds provides an excellent option to be able to offer to JDLA Clients and, for certain clients (*those clients for whom JDLA invests in American Funds*), it is believed to be in their best interest. In JDLA’s assessment, they are an excellent Fund family that, coupled with the benefit of attending an annual educational meeting or conference, does not present a conflict of interest that needs to be mitigated. The primary purpose of such meetings or conferences is to give sales personnel the

opportunity to remain current, educated and in contact with the mutual funds that RRs of JDLS are selling and upon which IARs of JDLA are providing investment advice. If the Client does not wish JDLA to invest funds into any specific mutual fund or security generally, the Client can express that interest by noting those details on a list of restricted securities provided by Client to JDLA.

Schwab Services: JDLA receives an economic benefit from Schwab in the form of support products and services that it makes available to JDLA and other independent advisors that have their clients maintain accounts at Schwab. These products and services, how they benefit JDLA and the related conflicts are described above in the section entitled “Brokerage Practices.” The availability to JDLA of Schwab’s products and services is not based on JDLA giving particular investment advice such as buying particular securities for our clients.

Custody

Schwab, Wedbush and the respective mutual funds/transfer agents maintain actual custody of your assets. You will receive accounts statements directly from the respective custodian that has actual custody at least quarterly. They will be sent to the email or postal mailing address that you provided to the actual custodian. You should carefully review those statements promptly when you receive them. We also urge you to compare those account statements to the periodic information (portfolio reports/statements) that you receive from JDLA as further contemplated below.

JDLS sends an annual consolidated statement as a service to Clients, but that is not the official statement of your Account managed/advised by JDLA; the one from the custodian is the official record of your Account. In addition, if the Client has an annual meeting with JDLA, JDLA issues an updated statement at that time (revalued to the current period) and reviews it with the respective Client during the appointment. Client should compare the account statements received by JDLA against those received by the custodian to ensure that they are in agreement. Comparing those statements will help the Client to verify that the account transactions, including deductions to pay advisory fees, are proper.

Investment Discretion

JDLA may exercise discretionary authority to invest in securities, including new mutual fund families, not currently held by the Client. JDLA may also exercise discretion to buy new mutual funds and reallocate existing mutual funds in such a manner to provide an adequate balance in the money market account to pay the account fees. Unless there is a fundamental change in the allocation suitability that requires readjustment, JDLA will

generally endeavor to make such reallocations in a way to preserve a similar allocation ratio among the various mutual fund holdings in the respective mutual fund family. However, the reallocation among Funds may not result in exactly the same percentage in each mutual fund; JDLA may make such re-allocation decisions as determined to be prudent under the circumstances. Also, such re-allocations will consider the required minimum balance applicable to each of the respective mutual funds and money market accounts.

Voting Client Securities

JDLA neither has the authority to vote proxies on behalf of Clients, nor would it accept such responsibility if requested by the Client. Thus, its Clients retain exclusive proxy voting authority. JDLA shall promptly forward to its Clients any such proxy material that JDLA may receive so that the respective Client may evaluate and vote according to the Client's volition and discretion.

Similarly, JDLA will not advise or act for the Client in legal proceedings, including class action lawsuits or bankruptcies, involving securities purchased for or held in the Client's account. The Client (or his or her agent) will have the responsibility for class action lawsuits or bankruptcies, involving securities purchased for or held in the Client's account. JDLA does not assume any responsibility to forward copies to Clients or Clients' agent regarding class action notices.

Financial Information

JDLA does not believe that there is reasonably foreseeable material information that jeopardizes the financial health of JDLA. Such items that require disclosure herein would include impending bankruptcy, insolvency or other matters (e.g., a significant lawsuit or arbitration) that could reasonably result in the cessation of business. Also, if JDLA has been the subject of a bankruptcy petition during the past ten years, JDLA would have to disclose that fact to Clients. No such circumstances presently exist. If that changes, JDLA will update its Clients accordingly.

JDLA would disclose any financial condition reasonably likely to impair JDLA's ability to meet contractual commitments to Clients if JDLA (i) has discretionary authority over client assets, (ii) has custody of client funds or securities, or (ii) requires or solicits prepayment of more than \$1,200 in fees per Client and six months or more in advance.