

Item 1 – Cover Page

LJPR Financial Advisors



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Firm Brochure  
ADV Part 2A  
March 1, 2017

**This brochure provides information about the qualifications and business practices of LJPR Financial Advisors. If you have any questions about the contents of this brochure, please contact us via phone at (248) 641-7400, or via email at [info@ljpr.com](mailto:info@ljpr.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities agency.**

**Additional information about LJPR Financial Advisors is available on the SEC's website at [adviserinfo.sec.gov](http://adviserinfo.sec.gov).**

**LJPR Financial Advisors is a registered investment advisor. Registration as an investment advisor does not imply any level of skill or training.**

## Item 2 – Material Changes

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### **Material Changes since the Last Update**

This Item is required to be updated in connection with our annual update, which typically occurs in the first calendar quarter of the year.

Brian J. Roehl, Chief Financial Officer, Senior Financial Advisor and Principal is no longer involved in the ownership or decisions of LJPR Financial Advisors however Brian remains at LJPR Financial Advisors as a financial advisor. Leon LaBrecque, Chief Executive Officer, Senior Financial Advisor and Principal has increased his shares from 67% to 89%.

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### **Full Brochure Available**

Our brochure is available on our website, [ljpr.com/disclosure](http://ljpr.com/disclosure), free of charge. Also, LJPR can send you one, upon request, by contacting our office at (248) 641-7400 or via email at [info@ljpr.com](mailto:info@ljpr.com)

Additional information about LJPR is also available via the SEC's website, [adviserinfo.sec.gov](http://adviserinfo.sec.gov). The SEC also provides information about persons affiliated with LJPR Financial Advisors who are registered, or are required to be registered, as investment adviser representatives of LJPR Financial Advisors.

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## Item 4 – Advisory Business

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### **Firm Description**

LJPR Financial Advisors (herein also referred to as the “Advisor” or “LJPR” or the “Firm”) was founded in 1989 and registered with the SEC that same year. The Firm was originally named LaBrecque, Jackson, Price & Roehl, and later shortened to LJPR, LLC. In 2015, the Firm began doing business as LJPR Financial Advisors.

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### **Principal Owner**

Leon C. LaBrecque, Chief Executive Officer, Senior Financial Advisor and Principal owns 89.0% of LJPR.

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### **Types of Advisory Services**

LJPR is a fee-only financial advisor and wealth management firm that specializes in retirement planning, investment management, estate planning and tax planning. The Firm does not sell insurance, stocks, bonds, mutual funds, limited partnerships, or other commissioned products. The Firm is not affiliated with entities that sell financial products or securities.

Wealth planning is an ongoing comprehensive evaluation of a client’s current and future financial state by using currently known facts and certain variables to predict future cash flows and asset values that are used to create wealth management and maximization plans.

In general, wealth planning can address any or all of the following areas:

PERSONAL: LJPR reviews family assets, liabilities (both in and outside of the client’s estate) and estate plan documents.

TAX PLANNING & PREPARATION: LJPR owns a 20% interest in LJPR Tax Services, LLC. Mr. LaBrecque, who is the majority partner in LJPR also holds a 60% interest in LJPR Tax Services, LLC. LJPR Tax Services, LLC prepares and reviews tax returns for some of LJPR’s clients. LJPR Tax Services, LLC also does individual and corporate tax work outside of the relationship with LJPR. Clients are not required to use LJPR Tax Services, LLC.

LJPR Tax Services, LLC analyzes the client’s income tax picture along with cash flow needs (related to lifestyle, gifting, charity, etc.) for current and future years, then illustrates the impact of various available strategies on the client’s ability to maximize their balance sheet while minimizing current income tax and future income and transfer tax liabilities.

FINANIAL AND RETIREMENT PLANNING: LJPR analyzes the client’s retirement goals to determine what impact that has on inheritance, charitable and other legacy related goals, and then develop recommendations to maximize the ability to support each.

ESTATE PLANNING: LJPR may illustrate the future value of assets directed at each of the client's beneficiaries based upon current or proposed estate plans. Leon LaBrecque is a licensed attorney and owns 95% of LaBrecque + Associates PC, which is a law firm that does estate planning for a majority of LJPR clients. Clients are not required to use LaBrecque + Associates PC.

INVESTMENT MANAGMENT: LJPR helps the client measure their investment strategy and risk capacity in the context of achieving and maintaining their goals for lifestyle, legacy, charity and otherwise.

LJPR's services provide ongoing and continuous investment management and financial advice. The Advisor may offer a complimentary general consultation to discuss services available, to give a prospective client time to review services desired and to determine the possibility of a potential client-adviser relationship. Investment advisory services will only begin after the client and Advisor formalize the relationship with a properly executed Advisory Services Agreement.

Most clients choose to have LJPR manage their assets in order to obtain ongoing in-depth advice and life planning. All aspects of the client's financial affairs are reviewed, including those of their dependent children. Realistic and measurable goals are set and objectives to reach those goals are defined. As goals and objectives changes over time, suggestions are made and implemented on an ongoing basis.

The scope of work and fee to an Advisory Service Agreement is provided to the client in writing prior to the start of the relationship. An Advisory Service Agreement may include: cash flow management, insurance review, investment management (including performance reporting), education planning, retirement planning, estate planning, and tax planning/preparation, as well as the implementation of recommendations within each area, with one exception being the purchase of insurance policies. LJPR will, if requested by a client, recommend an insurance agent to contact. LJPR does not receive nor would it accept compensation from any referrals to insurance agents.

After the formal engagement, the Advisor and client will share in a data gathering and discovery process in an effort to determine the client's personal needs, goals, intentions, time horizons, risk tolerance and investment objectives, based upon the information provided by the client and the nature of services requested. In order to provide truly comprehensive financial solutions, the initial consultation will generally involve two LJPR advisers.

A team approach to financial planning and investment management ensures our clients that critical elements of their financial future are being addressed. Upon completion of the data gathering and implementation process, one adviser will be the primary client contact to provide day-to-day administration of the client account, perform reviews with the client and answer any questions the client may have regarding their account.

In the fulfillment of initial and ongoing services, the adviser will review overall aspects of a client's current financial situation and consider both long- and short-term objectives. LJPR may

provide additional value-added services at no extra charge, depending upon the client's portfolio size. A client may choose which of the value-added services they need and has the opportunity to use other professionals if they desire. If a client does not meet the target asset levels for these value-added services to be provided at no additional cost, the client may add services which may entail additional fees. Fees for such additional services will be billed separately from the advisory fee and the client will be provided a good faith estimate of any additional costs before the services are rendered. LJPR welcomes the opportunity to provide individualized services. However, where information is limited or not provided by the client, or services have been declined by the client, the client must understand that comprehensive investment needs or objectives may not be fully considered due to the client's option not to receive a service, lack of information or incomplete client disclosure.

Clients engaging investment advisory services must play an active role. The Advisor requires the client to participate in the formation of investment advice and recommendations. Clients are invited to call the office to discuss their portfolio and ask questions at any time, but it is recommended that clients meet with their adviser no less than annually.

Clients are obligated to immediately inform the Advisor of any changes in their financial situation and to provide the Advisor with the opportunity to review the portfolio to determine that it is still structured to meet the client's stated needs and objectives. It is imperative that clients communicate their thoughts and plans to the Advisor as changes occur so that prompt action can be taken.

After the data-gathering and analysis process and, depending upon the nature of services desired by the client, LJPR may prepare reviews, analyses, asset allocation recommendations and specific investment recommendations. The ongoing LJPR services provided are based upon unique individual needs as stated by the client. LJPR will allocate the client's asset among various investments, taking into consideration the overall management style selected by the client. The Advisor may utilize its own pre-designed model for the portfolio or custom design one specifically. All clients, however, receive individualized advice and have the ability to impose restrictions on the securities or types of securities being invested in.

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## **Assets under Management**

As of February 28, 2017, LJPR Financial Advisors managed approximately \$698,600,000 in assets on a discretionary basis (rounded to the nearest \$100,000).

## Item 5 – Fees and Compensation

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### Fee Schedule

Fees are based on a percentage of the assets under management according to the following schedule:

- 1.250% for the first \$500,000,
- 0.950% for the next \$500,000 (above \$500,000 but less than \$1,000,000)
- 0.600% for assets over \$1,000,000 but less than \$2,500,000, and
- 0.485% for any assets over \$2,500,000.

LJPR assesses its advisory fee on the total market value of all account assets attributed to a client, including cash and securities the client directs LJPR to hold for an indefinite period, irrespective of whether the cash or securities are transferred in from a pre-existing account or are purchased outside of any recommendations made by LJPR. There are three exceptions to this: (1) cash held in bank checking accounts; (2) holdings or accounts excluded from the fee calculation, documented in writing and signed by the client, their LJPR adviser, and LJPR's Operations Manager; and (3) accounts or assets where LJPR has unilaterally decided to reduce or waive the fee and provides the client with written notice of that decision.

The minimum annual fee is \$1,250 and is negotiable. Fees must be agreed upon by both parties prior to the start of the advisory relationship. Current client relationships may exist where the fees are higher or lower than the fee schedule shown above.

LJPR, at its sole discretion, may waive its minimum fee and/or charge a lesser investment advisory fee based upon certain criteria, such as the historical relationship between the client and LJPR, the type of assets to be managed, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients and other criteria that the Advisor deems as a good business decision.

LJPR provides hourly planning services for clients who need advice on a limited scope of work. The hourly rate for limited scope engagements is \$250 to \$400 depending on the complexity of the planning service and the staff involved in the process. Simple tasks not within the scope of the advisory agreement may be billed at a lower or flat-fee rate.

In some circumstances, it is more appropriate to work on a fixed-fee basis, especially when asset management is not the most significant part of the relationship. The annual fee for a Retainer Agreement is \$1,250 and is negotiable.

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### Fee Billing

Investment management fees are billed quarterly, in arrears, meaning that LJPR will invoice the client after each three-month billing period has ended. Fees are billed at the end of each calendar quarter based on the account balance on the last day of the quarter. Pro-rations will be done for money added or withdrawn during the quarter. The advisory fee is adjusted for



capital flows, if any occurred during the billing period. This means that if money and/or securities move in or out of an account, the fee on the value of such assets is pro-rated to reflect the number of days such assets were actually held in the account.

Should the relationship between the client and LJPR be terminated during a calendar quarter, a final fee will be assessed based on the number of days that have passed in the current quarter. The client will receive a copy of an invoice with the detail of how it was calculated and the fees charged and how they were allocated if there are multiple accounts. Payment in full is expected upon receipt of the invoice. Fees are usually deducted from a designated client account to facilitate ease of billing. The client must consent in advance to direct debiting of any account, and may choose to receive an invoice payable upon receipt instead of having fees deducted from their account. If the client made an advance payment, LJPR will refund any unearned portion of the advance payment.

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## **Other Fees**

Custodians may charge transaction fees on purchases or sales of certain mutual funds and commissions on Exchange Traded Funds ("ETFs"). These transaction charges are usually small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell that security.

If it is determined that a client portfolio shall contain corporate debt or other types of over-the-counter securities, the client may pay a mark-up, mark-down, or a spread to the broker or dealer on the other side of the transaction that is built into the price of the security. In some cases, a Prime Brokerage agreement is available, where the client pays a flat fee on fixed income transactions and does not participate in the mark-up.

Mutual funds generally charge a management fee for their services as investment managers. The management fee is called an expense ratio. For example, an expense ratio of 0.50 means that the mutual fund company charges 0.5% of the assets being managed for their services. These fees are in addition to the fees paid by the client to LJPR.

A client could invest in a mutual fund or variable annuity or investment partnership directly, without the services of LJPR. Accordingly, the client should review both the fees charged by the funds and the applicable program fee charged by LJPR to fully understand the total amount of fees to be paid by the client and to thereby evaluate the cost of the advisory services being provided.

Please also see Item 12 regarding brokerage practices.

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## **Fees for Specialized Accounts and Advisory Services – Nuveen Asset Management**

On a case by case basis and on the Investment Advisor Representative's discretion, LJPR advises clients to retain Nuveen Asset Management ("NAM") to provide investment management services with respect to fixed income securities. LJPR believes that for these clients, NAM can provide the appropriate level of fixed income management services. Clients who choose to engage NAM sign a separate investment advisory agreement with NAM that governs the relationship. LJPR and NAM are separate, distinct entities, not related to each other. LJPR remains the adviser on the account but NAM is the discretionary manager of the assets.

Clients that choose to retain NAM will pay two levels of advisory fees on the assets NAM manages. NAM charges clients an annual investment advisory fee of 0.15%, paid on a quarterly basis at the end of the quarter.

Any investment management fee NAM charges is in addition to the advisory fee charged by LJPR on those assets. LJPR receives no compensation or benefits from NAM related to this arrangement.

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## **Tax Preparation**

Personal income tax preparation is negotiated and may be included in the fee based on a percentage of the assets under management according to the schedule above. In general, LJPR Tax Services LLC may provide individual income tax return preparation at no additional charge for clients with assets under management over \$500,000. LJPR may include such services at a lower threshold if negotiated. Tax preparation services will be performed by LJPR Tax Services LLC. Eligible individual federal and applicable state returns are filed electronically without an additional fee.

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## **Legal Services**

Individual estate planning document preparation is available at no additional charge for LJPR Clients who are Michigan residents with at least \$500,000 in assets under management. In general, LJPR will reimburse or credit legal fees up to \$900 for basic estate planning document preparation for non-Michigan domiciles with at least \$500,000 in assets under management, unless an alternate arrangement is negotiated. For those who are not LJPR clients and/or for clients under this asset management threshold, the standard fee schedule applies and is available upon request. All fees are subject to change. Legal work is not performed by LJPR. Most legal work is referred to LaBrecque + Associates PC who are attorneys licensed to practice in the State of Michigan.

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## **Hourly Planning Engagements**

LJPR provides hourly planning services for clients who need advice on a limited scope of work. The hourly rate for limited scope engagements is \$250 to \$400 depending on the complexity

of the planning service and the staff involved in the process. Simple tasks not within the scope of the advisory agreement may be billed at a lower or flat-fee rate.

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## **Termination of Agreement**

Although the Advisory Service Agreement is an ongoing agreement, the length of service to the client is at the client's discretion.

A client may terminate any of the aforementioned agreements at any time by notifying LJPR in writing and paying the fees for time spent on the investment advisory engagement prior to notification of termination. LJPR does not normally charge any advance fees but if the client made an advance payment, LJPR will refund any unearned portion of the advance payment.

LJPR may terminate any of the aforementioned agreements at any time by providing the client a written notice 90 days prior to termination and charging the fees for the time spent on the investment advisory engagement prior to effective date of termination stated in such notification. If the client made an advance payment, LJPR will refund any unearned portion of the advance payment.

The portfolio value at the effective date of termination is used as the basis for the final fee computation, adjusted for the number of days during the billing quarter prior to termination.

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

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LJPR does not accept performance-based fees, that is, fees based on a share of the capital gains or capital appreciation of managed securities.

## **Item 7 – Types of Clients**

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### **Description**

LJPR generally provides investment advice to individuals, high net worth individuals, banking or thrift institutions, pension and profit sharing plans, charitable organizations, corporations and business entities.

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### **Account Minimums**

The minimum account size is \$100,000 of assets under management, which equates to an annual fee of \$1,250 at our standard billing rate.

When an account falls below \$100,000 in value, the minimum annual fee of \$1,250 may be charged. Depending upon circumstances, LJPR may provide an Hourly Agreement with the client if assets have diminished below \$100,000. Clients with assets below the minimum account size may pay a higher percentage rate on their annual fees than the fees paid by clients with greater assets under management.

LJPR has discretion to waive the account minimum. Various minimum account sizes or fee levels will apply depending on the type of client or size of account. Other exceptions may apply to employees of LJPR, their relatives or relatives of existing clients.

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

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### **Methods of Analysis**

Security analysis methods may include modern portfolio theory (MPT), among other techniques.

The main sources of information include the financial press (e.g. Wall Street Journal, Thompson/Reuters, etc.), inspections of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses, due diligence visits to fund companies, filings with the Securities and Exchange Commission and company press releases.

Other sources of information that LJPR may use include Bloomberg, Morningstar Principia, Zephyr, and online sources.

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### **Asset Management Analysis**

Assets are invested primarily in no-load or load-waived mutual funds<sup>1</sup>, ETFs, and individual fixed income securities through custodians. When advising on defined contribution plans, LJPR uses the lowest expense share class available, which may include institutional share classes or dedicated share classes for defined contribution plans. Mutual fund companies charge each fund shareholder an investment management fee that is disclosed in the fund prospectus. Custodians may charge a transaction fee for the purchase or sale of some funds.

Stocks and bonds may be purchased or sold through a brokerage account when appropriate. The custodian charges a fee for stock and bond trades. LJPR does not receive any compensation, in any form, from mutual fund companies.

Investments may also include warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, U.S. Government securities, options contracts, futures contracts, and interests in partnerships.

Initial public offerings (IPOs) are generally not available through LJPR.

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<sup>1</sup> These would be “A class” shares with any load waived by the fund, or institutional-class shares.

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## Investment Strategies

The primary investment strategy used on client accounts is strategic asset allocation using a core and satellite approach. This means that LJPR uses passively managed funds, actively managed funds, and exchange-traded funds as the core investments, and then add funds where there are greater opportunities to make a difference in specific sectors, industries, or geographic locations. Portfolios are globally diversified to mitigate the risk associated with traditional markets.

The investment strategy for a specific client is based upon the objectives and risk tolerances stated by the client during consultations. The client may change these objectives or level of risk at any time.

Other strategies may include long-term purchases, short-term purchases, trading short sales, margin transactions and option writing (including covered options, uncovered options, or spreading / collaring strategies).

LJPR will follow the investment directions from clients to purchase assets in their accounts at their discretion. The adviser associated with their account will review with the client where it fits in the overall allocation of their account(s).

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## Risk

All investment programs have certain risks that are borne by the investor. Investing in securities involves risk that you should be prepared to bear. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Interest Rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market value to drop.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible or intangible events and conditions. This type of risk is caused by external factors independent of a security's underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When inflation is present, dollars spent in the future will not buy as much as today, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as Exchange Rate Risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (e.g. interest rate). This risk primarily relates to fixed income securities.

- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, for example, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- **Foreign Tax Risk:** Investors may be subject to foreign taxes if LJPR invests client assets in a foreign mutual fund. Issuers of foreign securities are usually not subject to the same degree of regulation as U.S. issuers. Reporting, accounting, and auditing standards of foreign countries differ, in some cases significantly, from U.S. standards. Tax laws and regulations applicable to an account are subject to change, and unanticipated tax liabilities could be incurred by investors as a result of such changes. Investors should consult their own tax advisors to determine the potential tax-related consequences of investing.
- **Mutual Funds:** Investing in mutual funds may present the risk of capital loss and thus an investor may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. Mutual funds invest in a pool of individual investments and have a wide range of assets, ranging from money market funds, which invest in short-term cash-equivalent investments, to funds that invest in a narrow range of equities.
- **Equity:** Equity investments generally refers to purchasing shares of stocks in return for receiving a prospective future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.
- **Fixed income:** Fixed income investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income

securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on Treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.

- Exchange Traded Funds (ETFs): An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance.

## Item 9 – Disciplinary Information

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### **Legal and Disciplinary**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to the client's evaluation of their firm or the integrity of their management. LJPR has no information applicable to this item.

## Item 10 – Other Financial Industry Activities and Affiliations

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### **Other Financial Industry Activities**

LJPR and our related persons are not engaged in other financial industry activities and have no other industry affiliations, except for Estate Planning and Tax Preparation as described in Item 4.

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

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### **Code of Ethics**

LJPR has a Code of Ethics for all supervised persons of the Firm describing its standard of business conduct and fiduciary duty to its clients, and includes provisions relating to the prohibition of insider trading, the protection of confidential client information, our gifting policy, our personal trading policy, policies regarding conflicts of interest, outside business activity disclosure, recordkeeping, and other related items.

The employees and owners of LJPR annually attest that they will abide by the tenets of the Firm's Code of Ethics.

The Firm will provide a copy of the Code of Ethics to any client or prospective client upon request by contacting the Firm at the address or telephone number listed on the cover page of this document.

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## **Participation or Interest in Client Transactions**

LJPR and its employees may buy or sell securities that are also held by clients. Employees are required to comply with the trading policies in the Firm's Compliance Manual and Code of Ethics.

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## **Personal Trading**

The Chief Compliance Officer ("CCO") reviews all employee trades in reportable securities<sup>2</sup> regularly. The CCO's trading is reviewed by the Firm's Operations Manager. The personal trading reviews ensure that the personal trading of employees does not affect the markets and that clients of the Firm are always prioritized over the actions and trades of employees. Employees are encouraged to follow the model portfolios available to clients but may invest differently based on their comfort with risk.

## **Item 12 – Brokerage Practices**

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### **Broker-Dealer Selection**

LJPR suggests clients maintain custody of their assets and to effect trades for their accounts with one of three registered broker-dealers: Charles Schwab & Co., Inc. (Schwab), TD Ameritrade (TD), or Fidelity Registered Investment Advisors Group (Fidelity). Schwab, TD, and Fidelity make available to LJPR other products and services that benefit LJPR, but may not directly benefit client accounts. Some of these other products and services assist LJPR in managing and administering client accounts.

When selecting broker-dealers/custodians for its clients, LJPR applies the following criteria:

- Creditworthiness and business reputation
- Commission and transaction fees charged
- Competitive brokerage fees
- Promptness of systematic order execution
- Research available upon request
- Promptness and accuracy of oral, hard copy or electronic reports
- Ability and willingness to correct errors
- Availability of technological aids to process trade data
- Conflicts of interest resolution
- Internet service platforms that ensure the integrity, security and confidentiality of data transmission and client account access

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<sup>2</sup> "Reportable securities" include but are not limited to securities, including stocks, bonds, futures, options, investment contracts, limited partnerships, hedge fund shares, foreign mutual funds, warrants, etc.



In certain cases, a security may be purchased through another broker-dealer and in such cases, the security purchased is then transferred to the client's custodial account at Schwab, Fidelity or TD, and a "trade away" delivery fee is assessed to the client account. LJPR does not receive fees or commissions from any of these arrangements.

Schwab discounts and waives fees for selected service and programs LJPR utilizes, specifically the transactional database that LJPR utilizes, Portfolio Center and attendance fees for members of LJPR to attend Schwab's annual conference. Schwab's services are not contingent upon LJPR committing to Schwab any specific amount of business.

As a fiduciary, LJPR endeavors to act in its clients' best interests and seeks to obtain best execution. LJPR's suggestion that clients maintain their assets in accounts at Schwab, TD or Fidelity may be influenced by the benefits to LJPR of the foregoing products and services, which may create a potential conflict of interest.

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## **Directed Brokerage**

LJPR has full discretionary authority to determine the broker-dealers/custodians to be used for a particular transaction. In limited circumstances, and at our discretion, some clients may instruct LJPR to use one or more particular broker-dealers/custodians for transactions in their accounts. Such instructions must be made in writing to the CCO.

Commission rates and execution quality may be less favorable than those obtained from other brokers if a client directs LJPR to use a specific broker-dealer/custodian. LJPR may also be prevented from aggregating trades with other client accounts or from effectively negotiating brokerage commissions on the directed client's behalf. Thus, when directing brokerage business, the client should consider whether the commission expenses, execution, clearance and settlement capabilities that the client will obtain through its directed broker are adequately favorable in comparison to those that LJPR would otherwise obtain for the client.

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## **Order Aggregation and Allocation**

As a matter of policy and practice, LJPR generally executes trades separately for clients, but on occasion may choose to aggregate client's trades. When LJPR executes trades separately, certain client trades may be executed before others, at a different price and/or commission rate. LJPR will only aggregate trades where possible and when advantageous to clients.

In the event that the same individual equity security or ETF needs to be purchased or sold in multiple client accounts at the same time, LJPR may, when expedient to multiple clients, use a block trade to ensure that all clients get the same execution price.

In most cases, trades placed by LJPR shall be allocated according to the following:

- Securities being acquired are allocated by the size of appropriate investable cash within each account.
- Securities being sold are allocated based on the total size of each account's position in that security.

- The price of the securities allocated from a single block transaction shall be at the price paid during the transaction (average price per share) for the security on a given day, with all transaction costs shared on a pro rata basis.

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## **Cross Transactions**

There exists the possibility that a client account may desire to sell a fixed income security at the same time that another client account may desire to purchase the same security. In such situations, LJPR may facilitate a “cross trade” between the two client accounts. A “cross trade” is a transaction between two accounts of different owners who are not related, and managed by the same investment advisor. Cross trading may only be done on accounts held at Schwab or Fidelity. LJPR does not currently have the ability to cross trade fixed income securities at other custodians. Such internal cross trades can benefit clients because the practice enables LJPR to move securities among client accounts without having to expose the security to the market. However, as a general matter these types of transactions can pose risks to clients due to the inherent conflict of interest for the advisor, which has a fiduciary duty of loyalty to its clients and also must seek to obtain best execution for both its buying and selling clients. For example, an adviser can arrange to execute crosses at the lowest bid price, which advantages the buying client account, but could disadvantage the selling account if it could get a higher price in the market. LJPR addresses this potential conflict by adopting policies and procedures regarding cross trades that seek to ensure that all clients are treated fairly and equitably over time, including that any such trades be executed using a mid-point price received from outside brokers plus trading costs. Clients should be aware that while cross trades are a possibility (only while trading fixed income securities), LJPR does not receive any kind of commission or benefit for trading in that manner, and such trades are done only under circumstances where LJPR has concluded both clients benefit more than they would if they were to trade in the open market.

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## **Soft Dollars**

LJPR does not use any soft dollar services to favor any client account over another, regardless of the custodian used by the client.

Schwab Advisor Services is Schwab’s business serving independent investment advisory firms like LJPR. They provide LJPR and our clients with access to its institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help LJPR manage or administer our clients’ accounts while others help LJPR manage and grow our business. Schwab’s support services are generally available on an unsolicited basis and at no charge to LJPR as long as LJPR keeps a total of at least \$10 million of our clients’ assets in accounts at Schwab. If LJPR has less than \$10 million in client assets at Schwab, Schwab may charge a quarterly service fee.

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 include some to which LJPR might not otherwise have access or that would require a significantly higher minimum initial investment by our clients.

Schwab also makes available to us other products and services that benefit LJPR but may not directly benefit a client or client account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. LJPR 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 makes available software and other technology that provides access to client account data, facilitates trade execution, provides pricing and other market data, facilitates payment of our fees from client accounts, and assists with back-office functions, recordkeeping and client reporting.

Schwab also offers other services intended to help LJPR 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. Schwab may provide some of these services itself. In other cases, it will arrange for third-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 third party's fees. Schwab may also provide LJPR with other benefits such as occasional business entertainment of our personnel.

The availability of these services from Schwab benefits LJPR because the Firm does not have to produce or purchase them. LJPR does not have to pay for Schwab's services so long as LJPR keeps a total of at least \$10 million of client assets in accounts at Schwab. Beyond that, these services are not contingent upon LJPR committing any specific amount of business to Schwab in trading commissions or assets in custody. The \$10 million minimum may give LJPR an incentive to request you maintain your account with Schwab based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and favorable execution of your transactions. This is a potential conflict of interest. LJPR believes, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. It is primarily supported by the scope, quality, and price of Schwab's services and not Schwab's services that benefit only us. LJPR does not believe that maintaining at least \$10 million of client assets at Schwab in order to avoid paying Schwab quarterly service fees presents a material conflict of interest.

## Item 13 – Review of Accounts

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### **Periodic Reviews**

Account reviews are performed at least annually by advisers. Account reviews are performed more frequently when market conditions dictate. The Firm's Investment Team reviews model allocations regularly and rebalances the models as necessary. Rebalancing is the process of adjusting the portfolio to desired asset allocation targets to ensure that your investment disciplines remain in place.

Portfolio reports are run when a client requests information regarding an account or when an adviser would like to spot-check a specific client or account. Information provided on a portfolio report would include information such as client holdings, transactions in the specified time period, etc.

Since financial markets and client objectives change, it is important for clients to monitor their portfolio on an ongoing basis. There may have been triggering events that advisers cannot predict. Specific investment classes perform at different rates within a diverse portfolio and market fluctuations can change how assets are allocated.

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## **Review Triggers**

Other conditions that may trigger a review are changes in applicable laws, new investment information, and changes in a client's situation.

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

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### **Referrals Out**

LJPR does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them. LJPR does its best to make sure the client is referred to qualified individuals but makes no warranties or promises regarding the outcomes from the work of such referrals. Unless otherwise noted in the ADV, the businesses to which LJPR refers business are separate from and not affiliated with LJPR.

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### **Schwab Advisor Network**

LJPR receives client referrals from Charles Schwab & Co., Inc. through LJPR's participation in Schwab Advisor Network® (the "Service"). The Service is designed to help investors find an independent investment adviser. Schwab is a broker-dealer independent of and unaffiliated with LJPR. Schwab does not supervise LJPR and has no responsibility for LJPR's management of clients' portfolios or LJPR's other advice or services. LJPR pays Schwab fees to receive client referrals through the Service. LJPR's participation in the Service may raise potential conflicts of interest as described below.

LJPR pays Schwab participation fees on all referred clients' accounts that are maintained in custody at Schwab and a non-Schwab custody fee on all referred clients' accounts that are maintained at, or transferred to, another custodian. Participation fees are a percentage of the value of the assets in the client's account. LJPR pays Schwab participation fees for as long as the referred client's account remains in custody at Schwab. Participation fees are billed to LJPR quarterly and may be increased, decreased or waived by Schwab from time to time. Participation fees are paid by LJPR and not by clients. LJPR does not charge clients (referred through the Service) fees or costs greater than the fees or costs LJPR charges clients with similar portfolios who were not referred through the service.

LJPR generally pays Schwab a non-Schwab custody fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from, Schwab. The non-Schwab custody fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The non-Schwab custody fee is higher than the participation fees LJPR generally would pay in a single year. Thus, LJPR has an incentive to recommend that client accounts be held in custody at Schwab.

For accounts of the LJPR clients maintained in custody at Schwab, Schwab generally does not charge the client separately for custody but receives compensation from the client in the form of commissions or other transaction-related compensation on securities trades Schwab executes for the client's account. Clients also pay Schwab a fee for clearance and settlement if trades are executed through broker-dealers other than Schwab. Schwab's fees for trades executed at other broker-dealers are in addition to the other broker-dealer's fees.

## Item 15 – Custody

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### **Custody**

LJPR does not maintain custody of client assets, although LJPR is deemed by the applicable regulations to have custody of assets when clients give it authority to withdraw advisory fees directly from their custodial accounts. Client assets must be maintained in an account at a qualified custodian; generally, a broker dealer or bank.

In all cases, clients have a direct and beneficial interest in their securities (individual ownership), rather than an undivided interest in a pool of securities.

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### **Account Statements**

Qualified custodians should provide account statements directly to clients at their address of record on a quarterly basis, at a minimum. Clients should carefully review these statements.

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### **Performance Reports**

Our statements may vary from custodial statements based on accounting procedures including the treatment of accrued interest, accrued dividends, bond valuations, interest payments, and mutual fund valuations. Upon a client's written request, LJPR will provide the client with a reconciliation of these differences. Clients are urged to compare the account statements received directly from their custodians to the quarterly billing statements provided by LJPR.

## Item 16 – Investment Discretion

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### **Discretionary Authority for Trading**

LJPR accepts discretionary authority to manage securities accounts on behalf of clients. LJPR has the authority to determine, without obtaining specific client consent, the type and amount of securities to be purchased or sold in a client's account.

The client approves the custodian to be used with certain limited exceptions. LJPR does not receive any portion of the transaction fees or commissions paid by the client to the custodian on certain trades.

Discretionary trading authority facilitates placing trades in client accounts on the client's behalf so that LJPR may promptly implement the investment policies that the client has approved.

The Firm's discretionary authority regarding investments may however be subject to certain limitations. These limitations are recognized as the restrictions and prohibitions placed by the client on transactions in certain types of businesses or industries. All such restrictions are to be agreed upon in writing.

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### **Limited Power of Attorney**

A limited power of attorney is a trading authorization for the purpose of investing and servicing a client's account. Clients sign a limited power of attorney so that LJPR may execute trades on the client's behalf.

## Item 17 – Voting Client Securities

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### **Proxy Votes**

LJPR votes proxies for securities over which it maintains discretionary authority consistent with its proxy voting policy. The Firm uses an electronic proxy voting service, Broadridge ProxyEdge®, to ensure that records are made available for recordkeeping and review.

LJPR's policy is to vote all proxies from a specific issuer the same way for each client absent qualifying restrictions from a client. Clients are permitted to place reasonable restrictions on the Firm's voting authority in the same manner that they may place restrictions on the actual selection of account securities.

LJPR will generally vote in favor of proposals originating from a company's board of directors and against proposals originating from shareholders.

A copy of LJPR's proxy voting policy is available upon request. Please call (248) 641-7400 or email [james.mason@ljpr.com](mailto:james.mason@ljpr.com) for a copy of LJPR's proxy voting policy, or if you have questions about the policy or how your shares were voted.

## Item 18 – Financial Information

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### **Financial Condition**

Registered investment advisers are required to provide certain financial information or disclosures about their financial condition. LJPR has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.