



## **REGISTERED INVESTMENT ADVISOR**

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March 20, 2017

## **PART 2A OF FORM ADV: Firm Brochure**

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### **PRIVACY POLICY STATEMENT**

This brochure provides information about the qualifications and business practices of DHJJ Financial Advisors. If you have any questions about the contents of this brochure, please contact us at 630.420.1360 or [plminta@dhjj.com](mailto:plminta@dhjj.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 authority.

DHJJ Financial Advisors is an independent organization of investment advisors registered with the United States Securities and Exchange Commission. Registration of an investment adviser does not imply any level of skill or training.

Additional information about DHJJ Financial Advisors is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 107034.

## **Item 2 – Material Changes**

This brochure, dated March 20, 2017, is the annual update to DHJJ Financial Advisors Form ADV Part 2A Brochure dated October 1, 2016. This Item 2 summarizes all material changes made to this current brochure:

DHJJ Financial Advisors has added a second office location as a place of conducting investment advisory business and also as a location where books and records may be kept. This second location is our St. Charles office located at 2560 Foxfield Road, Suite 300, St. Charles, Illinois 60174, 630.377.1106.

**ANY QUESTIONS:** DHJJ Financial Advisors' Chief Compliance Officer, Paul Minta, remains available to address any questions regarding this Part 2A.

### **Requesting a New Brochure:**

We will provide you with a new Brochure as necessary based on changes or new information, at any time, without charge. Currently, our Brochure may be requested by contacting Patty Minta, our Financial Advisors' Compliance Coordinator, at 630.420.1360 or [plminta@dhjj.com](mailto:plminta@dhjj.com). Our Brochure is also available on our web site, [www.dhjjfinancial.com](http://www.dhjjfinancial.com), also free of charge.

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

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#### **Item 4 – Advisory Business**

DHJJ Financial Advisors is our primary business name. Our legal name is DiGiovine Hnilo Jordan + Johnson Financial Advisors Ltd. DHJJ Financial Advisors is an SEC-registered investment adviser with its principal place of business located in Naperville, Illinois. DHJJ Financial Advisors also conducts investment advisory business at our second location in St. Charles, Illinois. DHJJ Financial Advisors began conducting business in 1988.

No shareholders of DHJJ Financial Advisors are considered principal shareholders. (“Principal” shareholders are any individuals and/or entities controlling 25% or more of the ownership of a registered investment advisory firm).

DHJJ Financial Advisors offers the following advisory services to our clients:

#### **INVESTMENT SUPERVISORY SERVICES (“ISS”) INDIVIDUAL PORTFOLIO MANAGEMENT**

Our firm provides continuous advice to our clients regarding the investment of client funds based on the individual needs of each client. Through personal discussions in which goals and objectives based on a client’s particular circumstances are established, we develop a client’s personal investment policy and create and manage a portfolio based on that policy. During our data-gathering process, we determine the client’s individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review and discuss a client’s prior investment history, as well as family composition and background.

We manage these advisory accounts on a discretionary basis. Account supervision is guided by the client’s stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

DHJJ Financial Advisors manages individual portfolios which are held with an authorized custodian (Charles Schwab & Co.).

No-load mutual funds, exchange-listed securities, exchange-traded funds, certificates of deposit, corporate bonds, municipal bonds, U.S. Government securities, and other investment products deemed appropriate for client’s account(s) will be purchased through the facilities of Schwab Advisor Services (formerly Schwab Institutional) a division of Charles Schwab & Co., Inc. (Schwab). There may be transaction charges involved when purchasing or redeeming these securities. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client’s stated investment objectives, tolerance for risk, liquidity and suitability.

Discretionary authorization is given to DHJJ Financial Advisors to execute trades in our clients’ Schwab accounts.

DHJJ Financial Advisors disclaims proxy-voting authority in all investment management engagements. The client retains full authority and responsibility to vote proxies for account securities.

## FINANCIAL PLANNING

DHJJ Financial Advisors provides financial planning services. Financial planning is a comprehensive evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. Through the financial planning process, all questions, information and analysis are considered as they impact and are impacted by the entire financial and life situation of the client. Clients purchasing this service receive a written report which provides the client with a detailed financial plan designed to assist the client in achieving his or her financial goals and objectives.

In general, the financial plan can address any or all of the following areas, as requested by the client:

- **PERSONAL:** We review family records, budgeting, personal liability, estate information and financial goals.
- **TAX & CASH FLOW:** We analyze the client's income tax and spending and planning for past, current and future years; then illustrate the impact of various investments on the client's current and future cash flows. We may also analyze and illustrate the impact of various investments on the client's current income tax and future tax liability.
- **INVESTMENTS:** We analyze the client's current investment strategies and may recommend alternatives, if appropriate, and how they may potentially impact the client's existing portfolio. We may also present the advantages of opening an Investment Supervisory Services ("ISS") account that we would manage on a discretionary basis.
- **INSURANCE:** We review existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home and automobile insurance.
- **RETIREMENT:** We analyze the client's current strategies and investment plans to help the client achieve his or her retirement goals.
- **DEATH & DISABILITY:** We review the client's cash needs at death, income needs of surviving dependents, estate planning and disability income.
- **ESTATE:** We assist the client in assessing and developing long-term strategies, including as appropriate, living trusts, wills, estate taxation, powers of attorney, asset protection plans, nursing homes, Medicaid and elder law. We do not provide legal advice; the client should consult their attorney for legal advice.

We gather required client information through in-depth personal interviews as well as from the documents that are provided by the client to us. Information gathered includes the client's current financial status, tax status, future goals, returns, objectives and attitudes towards risk. We carefully review documents supplied by the client, including a questionnaire completed by the client, and prepare a written report. Should the client choose to implement the recommendations contained in the plan, we suggest that the client work closely with his/her attorney, accountant, insurance agent, and/or stockbroker. Implementation of financial plan recommendations is entirely at the client's discretion.

We also provide general non-securities advice on topics that may include tax and budgetary planning, estate planning and business planning.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. All recommendations are of a generic basis and will generally include advice regarding the following securities:

- Exchange-listed securities;
- Securities traded over-the-counter;
- Foreign issuers;
- Warrants;
- Corporate debt securities (other than commercial paper);
- Commercial paper;
- Certificates of deposit;
- Municipal securities;
- Variable life insurance;
- Variable annuities;
- Mutual fund shares;
- United States governmental securities;
- Options contracts on securities;
- Options contracts on commodities;
- Futures contracts on tangibles;
- Futures contracts on intangibles;
- Interests in partnerships investing in real estate;
- Interests in partnerships investing in oil and gas interests;
- Interests in partnerships investing in other types of business and/or securities; and,
- Any other security that is widely traded on a public exchange for which an independently audited financial statement is readily available.

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

Typically the financial plan is presented to the client within two weeks of the contract date, provided that all information needed to prepare the financial plan has been promptly provided.

#### **PUBLICATION OF PERIODICALS**

DHJJ Financial Advisors publishes a monthly newsletter providing general information on various financial topics including, but not limited to, estate and retirement planning, market trends, etc. No specific investment recommendations are provided in this newsletter and the information provided does not purport to meet the objectives or needs of any individual. This newsletter is distributed free of charge to our advisory clients and associates.

#### **AMOUNT OF MANAGED ASSETS**

As of 12/31/2016, we were providing regular and continuous asset management services for \$221,189,022 of clients' assets. Discretionary accounts were valued at \$217,345,788 while non-discretionary accounts were valued at \$3,843,234.

## **MISCELLANEOUS**

**Limitations of Financial Planning and Non-Investment Consulting/Implementation Services.** To the extent requested by a client, DHJJ Financial Advisors shall generally provide financial planning and related consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. DHJJ Financial Advisors **does not** serve as an attorney, accountant, or insurance agency, and no portion of our services should be construed as same. Accordingly, DHJJ Financial Advisors **does not** prepare estate planning documents, tax returns or sell insurance products. To the extent requested by a client, we may recommend the services of other professionals for certain non-investment implementation purpose (i.e. attorneys, accountants, insurance, etc), including its affiliated certified public accounting firm, DHJJ and its Principal, Terry Cicero, CPA, CFP, in separate individual capacity as a licensed insurance agent. **See disclosure** at Item 10 below. A client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation that we make. **Please Note:** If the client engages any unaffiliated recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note-Conflict of Interest:** The recommendation by DHJJ that a client purchase an insurance commission product from Mr. Cicero in his individual capacity as a licensed insurance agent, or engage DHJJ to provide accounting-related services, presents a **conflict of interest**, as the receipt of insurance commissions and/or accounting fees may provide an incentive to recommend insurance products and/or accounting services based on commissions and/or fees to be received, rather than on a particular client's need. No client is under any obligation to purchase any insurance commission products from Mr. Cicero or engage DHJJ for any accounting-related services. Clients are reminded that they may purchase insurance products recommended by DHJJ Financial Advisors through other, unaffiliated insurance agents, and obtain accounting-related services from unaffiliated accounting firms. **DHJJ Financial Advisors' Chief Compliance Officer, Paul Minta, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

**Please Note-Use of Mutual Funds:** Most mutual funds are available directly to the public. Thus, a prospective client can obtain many of the mutual funds that may be recommended and/or utilized by DHJJ Financial Advisors independent of engaging DHJJ Financial Advisors as an investment advisor. However, if a prospective client determines to do so, he/she will not receive DHJJ Financial Advisors' initial and ongoing investment advisory services.

**PLEASE NOTE: RETIREMENT ROLLOVERS-No Obligation/Conflict of Interest:** A client leaving an employer typically has four options (and may engage in a combination of these options): i) leave the money in his former employer's plan, if permitted, ii) roll over the assets to his/her new employer's plan, if one is available and rollovers are permitted, iii) rollover to an IRA, or iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). DHJJ Financial Advisors may recommend an investor roll over plan assets to an Individual Retirement Account (IRA) advised by DHJJ Financial Advisors. As a result, DHJJ Financial Advisors and its representatives may earn an asset-based fee. In contrast, a recommendation that a client or prospective client leave his or her plan assets with his or her old employer or roll over the assets to a plan sponsored by a new employer will generally result in no compensation to DHJJ Financial Advisors (unless you engage DHJJ Financial Advisors to monitor and/or advise on the account while maintained with the client's employer). DHJJ Financial Advisors has an economic incentive to encourage an investor to roll plan assets into an IRA that DHJJ Financial Advisors will advise on or to engage DHJJ Financial Advisors to monitor and/or advise on the account while maintained with the client's employer. There are various factors that DHJJ Financial Advisors may consider before recommending a rollover, including but not limited to: i) the investment options available in the plan versus the investment options available in an IRA, ii) fees and expenses in

the plan versus the fees and expenses in an IRA, iii) the services and responsiveness of the plan's investment professionals versus those of DHJJ Financial Advisors, iv) protection of assets from creditors and legal judgments, v) required minimum distributions and age considerations, and vi) employer stock tax consequences, if any. No client is under any obligation to roll over plan assets to an IRA advised by DHJJ Financial Advisors or to engage DHJJ Financial Advisors to monitor and/or advise on the account while maintained with the client's employer. DHJJ Financial Advisors' Chief Compliance Officer, Paul Minta, remains available to address any questions that a client or prospective client may have regarding the above and the corresponding conflict of interest presented by such engagement.

**Client Obligations.** In performing our services, DHJJ Financial Advisors shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify us if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services.

**Please Note: Investment Risk.** Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by DHJJ Financial Advisors) will be profitable or equal any specific performance level(s).

## Item 5 - Fees and Compensation

### INDIVIDUAL SUPERVISORY SERVICES ("ISS") INDIVIDUAL PORTFOLIO MANAGEMENT FEES

The annualized fee for Investment Supervisory Services ("ISS") will be charged as a percentage of assets under management, according to the following schedule:

<u>Assets Under Management</u>	<u>Annual Fee</u>	
LESS THAN \$500,000	1.50%	(.0150)
\$500,000 BUT LESS THAN \$1,000,000	1.25%	(.0125)
\$1,000,000 BUT LESS THAN \$2,000,000	1.00%	(.0100)
\$2,000,000 BUT LESS THAN \$5,000,000	.75%	(.0075)
\$5,000,000 BUT LESS THAN \$10,000,000	.65%	(.0065)
\$10,000,000 OR MORE	.50%	(.0050)

The minimum annual fee is \$5,000 (\$1,250/quarter). **Please Note:** Although we do not have a minimum account size, if a client maintains less than \$333,000 of assets under DHJJ's management, and are subject to the \$5,000 annual minimum fee (\$1250 quarterly), the client will pay a higher percentage fee than referenced in the above fee schedule. We may group certain related client accounts for the purposes of determining the annualized fee. Exceptions to the published fee schedule may be considered on a case-by-case basis.

Fees may vary from the above schedule depending upon the extent of the services provided and the cost of such services.

Fee schedules can be complex and difficult to understand. Many financial advisors utilize a "tiered" fee schedule when calculating their investment advisory fees. DHJJ Financial Advisors utilizes a "straight percentage" method when calculating our investment advisory fees. The following example illustrates the difference between the two methods:

<u>Fee Schedule Example</u>	
<u>Tiered</u>	<u>Straight Percentage*</u>
Assets less than \$500,000 . . . . . 1.50%	Assuming the same fee schedule, but
\$500,000 to \$1,000,000. . . . . 1.25%	utilizing a "straight percentage" method
\$1,000,000 to \$2,000,000 . . . . . 1.00%	(rather than tiered), the same client would
\$2,000,000 to \$5,000,000 . . . . . 0.75%	only pay \$15,000 (\$1,500,000 x 1.00%) in
	advisory fees annually or \$3,750 quarterly.
A client with a \$1,500,000 portfolio would	
pay \$18,750 (\$7,500 + \$6,250 + \$5,000) in	*DHJJ Financial Advisors utilizes a "straight
advisory fees annually, or \$4,687.50	percentage" method.
quarterly.	

Management fees are billed quarterly, in advance, at the beginning of each calendar quarter based upon the total market value of the client's account at the end of the previous quarter. Fees will be debited from the account in accordance with the client authorization in the Financial Advisory Agreement. Fees are calculated on the basis of total market value of the client's account at the time the account is opened through DHJJ Financial Advisors and quarterly thereafter based on the account valuation on the last business day of the preceding quarter. Management fees on new accounts will be payable in advance for the remainder of the current quarter

on a pro rata basis. Collected but unearned management fees are refundable to the client on a pro rata basis if the agreement is terminated.

All management fees paid to DHJJ Financial Advisors for investment supervisory services are separate from the fees and expenses charged to shareholders of mutual fund shares by the mutual funds and a complete explanation of these expenses charged by the mutual funds is contained in each mutual fund's prospectus. Clients are encouraged to read the fund prospectus. Clients may also be assessed transaction charges by Charles Schwab & Co., Inc., when purchasing or redeeming securities.

**Limited Negotiability of Advisory Fees:** Although DHJJ Financial Advisors has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs will be considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets, related accounts, portfolio style, account composition, and reports, among other factors. The specific annual fee schedule will be identified in the contract between the adviser and each client.

Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

#### **FINANCIAL PLANNING FEES**

DHJJ Financial Advisors' financial planning fees will be determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are agreed upon prior to entering into a contract with any client.

Our financial planning fees are calculated and charged on an hourly basis, ranging from \$160 to \$350 per hour, depending on the complexity of the plan or the experience level of the adviser providing the advice. Although the length of time it will take to provide a Financial Plan will depend on each client's personal situation, we will provide an estimate for the total hours at the start of the advisory relationship. Full disclosure of the fees and charges are made prior to providing the service and, in all cases, the fees are payable by the client after the initial consultation.

For written financial plans or correspondence, fees are negotiated with the client prior to the preparation of the written financial plan or correspondence and such fees are agreed upon by the written financial advisory agreement. The agreed upon fee is payable 50% upon signing of the financial advisory agreement, and 50% upon receipt of the written financial plan or correspondence. If no written financial plan or correspondence is required, then the fee for services is payable at the conclusion of each conference.

**Financial Planning Fee Offset:** DHJJ Financial Advisors reserves the discretion to reduce or waive the hourly fee and/or the minimum fixed fee if a financial planning client chooses to engage us for our Investment Supervisory Services ("ISS").

The client will be billed in arrears based on actual hours accrued.

#### **PUBLICATION OF PERIODICALS OR NEWSLETTERS**

There is no fee for a subscription to our newsletters.

## GENERAL INFORMATION

***Termination of the Advisory Relationship:*** A client agreement may be canceled at any time, by either party, for any reason upon receipt of written notice. If the contract is terminated within five (5) business days of the date of the agreement, no fees will be charged. For clients who select financial planning services only (no assets under management services), the agreement terminates upon receipt of the written financial plan or correspondence, or if no written financial plan or correspondence is required, then the agreement terminates at the conclusion of the final conference. For clients who select assets under management services, the agreement shall terminate at the time that the asset management account(s) are closed or transferred from the Adviser's management. As disclosed above, certain fees are paid in advance of services provided. Upon termination of the agreement, any prepaid, unearned fees will be promptly refunded. In calculating a client's reimbursement of fees, we will prorate the reimbursement according to the number of days remaining in the billing period.

***Mutual Fund Fees:*** All fees paid to DHJJ Financial Advisors for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or exchange-traded funds to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

***Additional Fees and Expenses:*** In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker-dealers, including, but not limited to, any transaction charges imposed by a broker-dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

***Compensation for the Sale of Insurance Products:*** Terrence J. Cicero, an Investment Adviser Representative with DHJJ Financial Advisors, also holds an insurance license with the State of Illinois. As an insurance agent, he may earn commission-based compensation for selling insurance products, including insurance products he may sell to you. In addition, DHJJ Financial Advisors may enter into agreements with various insurance agencies whereby it may share in insurance commissions for referring a client to a respective insurance agency wherein the client purchases an insurance product through that insurance agency. Insurance commissions earned in both of these manners are separate and in addition to our investment advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents have an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. The instructions in the Form ADV require us to tell you that the receipt or potential for the receipt of additional compensation gives our investment adviser representatives an incentive to recommend investment/insurance products based on the additional compensation received, rather than on your specific needs. Although we are obligated to tell you this, our objective as a firm, which is shared by all of our investment adviser representatives, is to place nothing before your best interests. Additionally, in all cases, you are under no obligation to purchase insurance products through any person affiliated with our firm.

***ERISA Accounts:*** DHJJ Financial Advisors is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"). As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, DHJJ Financial Advisors may only charge fees for investment advice

about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees. Our investment recommendations are not limited to any specific product or service offered by any broker-dealer or insurance company. All recommendations are of a generic nature.

**Advisory Fees in General:** Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees. Please refer to Item 5 – Fees and Compensation on page 9 of this brochure for an example of our method of determining investment advisory fees in comparison to some other advisory firm’s method of determining investment advisory fees. (i.e., “straight percentage” method vs “tiered” method).

**Limited Prepayment of Fees:** Under no circumstances do we require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered.

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

DHJJ Financial Advisors does not charge performance-based fees and does not participate in side-by-side management.

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

DHJJ Financial Advisors provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals);
- High net worth individuals;
- Pension and profit sharing plans (other than plan participants);
- Corporations, partnerships, LLC’s, or other businesses, not listed above.

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

### **METHODS OF ANALYSIS**

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

**Fundamental Analysis:** We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the security is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell). Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the security.

**Cyclical Analysis:** In this type of technical analysis, we measure the movements of a particular security against the overall market in an attempt to predict the price movement of the security.

**Asset Allocation:** Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client’s investment goals and risk tolerance.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to

stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

***Mutual Fund and/or Exchange-Traded Fund ("ETF") Analysis:*** We examine the experience and track record of the manager of the mutual fund and/or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

***Risks for all forms of analysis:*** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

## INVESTMENT STRATEGIES

We use the following strategies in managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

***Long-term purchases:*** We purchase securities with the idea of holding them in the client's account for a year or longer. Typically, we employ this strategy when:

- we believe the securities to be currently undervalued; and/or,
- we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantages of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

***Short-term purchases:*** When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase. We rarely utilize this strategy.

## RISK OF LOSS

***Risk of Loss:*** Securities investments are not guaranteed and you may lose money on your investments. We ask that you work with us to help us understand your tolerance for risk.

## Item 9 - Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

## Item 10 - Other Financial Industry Activities and Affiliations

The shareholders of DHJJ Financial Advisors are also shareholders in the accounting firm of DHJJ, where they are individually licensed and practicing Certified Public Accountants providing accounting services for separate and typical compensation.

The shareholders of the accounting firm DHJJ typically recommend DHJJ Financial Advisors to accounting clients in need of advisory services. Conversely, the shareholders of the advisory firm DHJJ Financial Advisors typically recommend DHJJ to advisory clients in need of accounting services. Thus, a conflict of interest may exist since the two firms are affiliated companies. Accounting services provided by DHJJ are separate and distinct from our advisory services, and are provided for separate and typical compensation. There are no referral fee arrangements between our firms for these recommendations. No DHJJ Financial Advisors client is obligated to use DHJJ for any accounting services and conversely, no accounting client is obligated to use the advisory services provided by us. DHJJ's accounting services do not include the authority to sign checks or otherwise disburse funds on any of our advisory client's behalf.

Paul A. Minta, one of the shareholders, may spend as much as 5% of his time working in the accounting practice. Terrence J. Cicero, another one of the shareholders, may spend as much as 40% of his time working in the accounting practice. Camilla C. Corso, another one of the ten shareholders, may spend as much as 50% of her time working in the accounting practice. The other shareholders spend 100% of their time working in the accounting practice.

Many of the clients of the advisory firm are also clients of the accounting firm.

Terrence J. Cicero, an Investment Adviser Representative with DHJJ Financial Advisors, holds an insurance license with the State of Illinois. As an insurance agent, he may earn commission-based compensation for selling insurance products to our clients. In addition, DHJJ Financial Advisors may enter into agreements with various insurance agencies whereby it may share in insurance commissions for referring a client to a respective insurance agency wherein the client purchases an insurance product through that insurance agency.

**Please Also Note-Conflict of Interest:** As indicated above at Item 4, to the extent requested by a client, DHJJ Financial Advisors may recommend the services of other professionals for certain non-investment implementation purpose (i.e. attorneys, accountants, insurance, etc.), including its affiliated certified public accounting firm, DHJJ, and its Principal, Terry Cicero, CPA, CFP, in separate individual capacity as a licensed insurance agent. The recommendation by DHJJ Financial Advisors that a client purchase an insurance commission product from Mr. Cicero in his individual capacity as a licensed insurance agent, or engage DHJJ to provide accounting-related services, presents a ***conflict of interest***, as the receipt of insurance commissions and/or accounting fees may provide an incentive to recommend insurance products and/or accounting services based on commissions and/or fees to be received, rather than on a particular client's need. No client is under any obligation to purchase any insurance commission products from Mr. Cicero or engage DHJJ for any accounting-related services. Clients are reminded that they may purchase insurance products recommended by DHJJ Financial Advisors through other,

unaffiliated insurance agents, and obtain accounting-related services from unaffiliated accounting firms. **DHJJ Financial Advisors' Chief Compliance Officer, Paul Minta, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

**Please Note:** Mr. Cicero generally refers clients to an unaffiliated insurance agency, and in the event the client determines to purchase a fixed insurance product, the unaffiliated insurance agency may share a portion of its commission with Mr. Cicero.

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

DHJJ Financial Advisors has adopted a Code of Ethics ("Code") which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws. The adoption of this Code is required for us to comply with Rule 204A-1 under the Investment Advisers Act of 1940 ("Advisers Act"). This Code establishes rules of conduct for all employees of DHJJ Financial Advisors and is designed to, among other things, govern personal securities trading activities in the accounts of employees. The Code is based upon the principle that we owe a fiduciary duty to our clients to conduct our affairs, including our personal securities transactions, in such a manner as to avoid (i) serving our own personal interests ahead of clients, (ii) taking inappropriate advantage of our positions with the firm, and (iii) any actual or potential conflicts of interest or any abuse of our positions of trust and responsibility.

The Code is designed to ensure that the high ethical standards long maintained by DHJJ Financial Advisors continue to be applied. The purpose of the Code is to preclude activities which may lead to or give the appearance of conflicts of interest, insider trading and other forms of prohibited or unethical business conduct. The excellent name and reputation of our firm continues to be a direct reflection of the conduct of each employee.

Pursuant to Section 206 of the Advisers Act, both DHJJ Financial Advisors and its employees are prohibited from engaging in fraudulent, deceptive or manipulative conduct. Compliance with this section involves more than acting with honesty and good faith alone. It means that the firm and its employees have an affirmative duty of utmost good faith to act solely in the best interest of its clients and to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to [plminta@dhjj.com](mailto:plminta@dhjj.com), or by calling us at 630.420.1360.

**Prohibition Against Insider Trading:** Trading securities while in possession of material, non-public information, or improperly communicating that information to others may expose DHJJ Financial Advisors and its employees to stringent penalties. The rules contained in this Code apply to securities trading and information handling by supervised persons of DHJJ Financial Advisors and their immediate family members. With respect to insider trading, the general policy of DHJJ Financial Advisors states that no supervised person may trade, either personally or on behalf of others, while in the possession of material, non-public information, nor may any personnel of DHJJ Financial Advisors communicate material, non-public information to others in violation of the law.

**Personal Securities Transactions:** At times the interests of the adviser or related persons' accounts may coincide with the interests of clients' accounts; however, at no time will the adviser or any related person receive an added benefit or advantage over clients with respect to these transactions. DHJJ Financial Advisors has adopted the following principles governing personal investment activities by DHJJ Financial Advisors'

supervised persons: the interests of client accounts will at all times be placed first; all personal securities transactions of supervised persons will be conducted in such manner as to avoid any actual or potential conflict of interest or any abuse of an individual's position of trust and responsibility; and supervised persons must not take inappropriate advantage of their positions. In addition, no supervised persons shall acquire any beneficial ownership of any securities in an Initial Public Offering ("IPO"), a limited offering, or a private placement offering for his or her personal accounts without the written approval of our firm's Chief Compliance Officer, who must be provided with full details of the proposed transaction.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

It is the expressed policy of our firm that no person employed by us may knowingly purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

DHJJ Financial Advisors and individuals associated with our firm are prohibited from engaging in principal transactions.

DHJJ Financial Advisors and individuals associated with our firm are prohibited from engaging in agency cross transactions.

**Protecting the Confidentiality of Client Information:** As a registered investment adviser, DHJJ Financial Advisors and all supervised persons must comply with SEC Regulation S-P, which requires investment advisers to adopt policies and procedures to protect the "non-public personal information" of clients. DHJJ Financial Advisors is committed to safeguarding the confidential information of its clients. We hold all personal information provided to our firm in the strictest confidence. These records include all personal information that we collect from our clients in connection with any of the services provided by DHJJ Financial Advisors. We do not disclose any non-public personal information about our clients or former clients to anyone, except as permitted by law.

## **Item 12 – Brokerage Practices**

In the event that the client requests that DHJJ Financial Advisors recommend a broker-dealer/custodian for execution and/or custodial services, DHJJ Financial Advisors generally recommends that investment advisory accounts be maintained at Charles Schwab & Co., Inc. ("*Schwab*"), the client will be required to enter into a formal *Investment Advisory Agreement* with DHJJ Financial Advisors setting forth the terms and conditions under which DHJJ Financial Advisors shall advise on the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that DHJJ Financial Advisors considers in recommending *Schwab* (or any other broker-dealer/custodian to clients) include historical relationship with DHJJ Financial Advisors, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by DHJJ Financial Advisors' clients shall comply with DHJJ Financial Advisors' duty to obtain best execution, a client may pay a commission or transaction fee that is higher than another qualified broker-dealer might charge to effect the same transaction where determines, in good

faith, that the commission/transaction fee is reasonable. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although DHJJ Financial Advisors will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, DHJJ Financial Advisors' investment advisory fee.

#### **Non-Soft Dollar Research and Additional Benefits**

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, DHJJ Financial Advisors may receive from *Schwab* (or another broker-dealer/custodian, investment manager, platform or fund sponsor, or vendor) without cost (and/or at a discount) support services and/or products, certain of which assist DHJJ Financial Advisors to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by DHJJ Financial Advisors may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support-including client events, computer hardware and/or software and/or other products used by DHJJ Financial Advisors in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that *may* be received may assist DHJJ Financial Advisors in managing and administering client accounts. Others do not directly provide such assistance, but rather assist DHJJ Financial Advisors to manage and further develop its business enterprise.

DHJJ Financial Advisors' clients do not pay more for investment transactions effected and/or assets maintained at *Schwab* as a result of this arrangement. There is no corresponding commitment made by the DHJJ Financial Advisors to *Schwab* or any other any entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

**DHJJ Financial Advisors' Chief Compliance Officer, Paul Minta, remains available to address any questions that a client or prospective client may have regarding the above arrangements and any corresponding perceived conflict of interest such arrangements may create.**

**Directed Brokerage.** DHJJ Financial Advisors require that its clients utilize the brokerage and custodial services provided by *Schwab*. DHJJ Financial Advisors does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and DHJJ Financial Advisors will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by DHJJ Financial Advisors. As a result, a client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. **Please Note:** In the event that the client directs DHJJ Financial Advisors to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction

may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through DHJJ Financial Advisors. Higher transaction costs adversely impact account performance. **Please Also Note:** Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts.

**Order Aggregation:** Transactions for each client account generally will be effected independently, unless the DHJJ Financial Advisors decides to purchase or sell the same securities for several clients at approximately the same time. DHJJ Financial advisors may (but is not obligated to) combine or “bunch” such orders to obtain better price execution, to negotiate more favorable commission rates, or to allocate equitably among the DHJJ Financial Advisors’ clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. DHJJ Financial Advisors shall not receive any additional compensation or remuneration as a result of such aggregation.

### **Item 13 – Review of Accounts**

#### **INVESTMENT SUPERVISORY SERVICES (“ISS”) INDIVIDUAL PORTFOLIO MANAGEMENT**

***REVIEWS:*** While the underlying securities within Individual Portfolio Management Services accounts are continually monitored, these accounts are reviewed at least quarterly. Accounts are reviewed in the context of each client’s stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client’s individual circumstances, tax laws, or the market, political or economic environment.

The principals, managers and associates of our firm review the investment accounts of their own clients. The reviewers of these accounts include:

- Paul A. Minta, CPA, CFP® (Principal)
- Terrence J. Cicero, CPA, CFP® (Principal)
- Camilla C. Corso, CPA, CFP®, CDFA™ (Principal)
- Kathy T. Byrne, CPA, CFP® (Senior Manager)

***REPORTS:*** Clients are sent all required statements, confirmations, and year-end tax reporting information by the custodian of the assets, Charles Schwab & Co., Inc. In addition, DHJJ Financial Advisors will provide clients with portfolio performance reports (at least on an annual basis) which will summarize current portfolio holdings as well as transactions made within their accounts. In the event of a discrepancy between the information provided by DHJJ Financial Advisors and the account custodian, information provided by the account custodian shall prevail.

#### **FINANCIAL PLANNING**

***REVIEWS:*** While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Financial Planning clients unless otherwise contracted for.

**REPORTS:** Financial Planning clients will receive a completed financial plan. Additional reports will not typically be provided unless otherwise contracted for.

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

As referenced in Item 12 above, DHJJ Financial Advisors may receive from *Schwab*, without cost (and/or at a discount), support services and/or products. DHJJ Financial Advisors' clients do not pay more for investment transactions effected and/or assets maintained at *Schwab* as result of this arrangement. There is no corresponding commitment made by DHJJ Financial Advisors to *Schwab* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangements. **DHJJ Financial Advisors' Chief Compliance Officer, Paul Minta, remains available to address any questions that a client or prospective client may have regarding the above arrangements and any corresponding perceived conflict of interest such arrangements may create.**

Other than its employees, DHJJ Financial Advisors does not compensate any person or entity for client referrals.

#### **Item 15 – Custody**

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from client accounts.

As part of this billing process, the custodian of our client's accounts is advised of the amount of the fee to be deducted from that client's account. Also during this billing process, our firm will prepare and send an invoice to each client showing how the investment management fee for that quarter was calculated. This invoice is just for the client's records so that they will be aware of how their investment management fee for that quarter was calculated; they are instructed by our firm not to send us payment for this invoice as the fee was debited directly from their account. On at least a quarterly basis, although usually done monthly, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period. Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

DHJJ Financial Advisors does not have actual or constructive custody of client accounts.

## Item 16 – Investment Discretion

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- Determine the security to buy or sell; and/or
- Determine the amount of the security to buy or sell.

Clients give us discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

## Item 17 – Voting Client Securities

As a matter of firm policy, DHJJ Financial Advisors does not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for:

- 1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted; and
- 2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.

Clients are responsible for instructing each custodian of the assets to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

We may provide advice to clients regarding the clients' voting of proxies.

## Item 18 – Financial Information

DHJJ Financial Advisors has **no negative financial circumstances** to report. Our firm has no financial commitment that impairs our ability to meet our contractual and fiduciary commitments to clients.

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement with this firm brochure.

DHJJ Financial Advisors has not been the subject of a bankruptcy petition at any time in its existence.

**ANY QUESTIONS: DHJJ Financial Advisors' Chief Compliance Officer, Paul Minta, remains available to address any questions regarding this Part 2A.**



**184 Shuman Boulevard, Suite 200  
Naperville, Illinois 60563**

**2560 Foxfield Road, Suite 300  
St. Charles, Illinois 60174**

## **Privacy Policy Statement**

DHJJ Financial Advisors is committed to safeguarding the confidential information of its clients. We hold all personal information provided to our firm in the strictest confidence. These records include all personal information that we collect from you in connection with any of the services provided by DHJJ Financial Advisors. We do not disclose any nonpublic personal information about our clients or former clients to anyone, except as permitted by law.

Our policy with respect to personal information about you is listed below.

- As permitted by you in writing, we provide access to nonpublic personal information about you only to those who have a business or professional reason for knowing, and only to nonaffiliated parties as permitted by law.
- We maintain a secure office and computer environment to ensure that your information is not placed at unreasonable risk.
- We do collect personal information in the normal course of business in order to administer your accounts and serve you better.
- We do not provide your personally identifiable information to mailing list vendors or solicitors for any purpose.
- Personally identifiable information about you will be maintained during the time you are a client, and for the required time thereafter that such records are required to be maintained by federal and state securities laws, and consistent with the CFP Code of Ethics and Professional Responsibility. After this required period of record retention, all such information will be destroyed.