

JJM Financial Strategies Inc.

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ADV Part 2A, Brochure

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This Brochure provides information about the qualifications and business practices of JJM Financial Strategies Inc. If you have any questions about the contents of this Brochure, please contact us at (215) 504-9610 or john@jjmfinancial.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.

Additional information about JJM Financial Strategies, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov.

References herein to JJM Financial Strategies, Inc. as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.

Item 2 Material Changes

Since the last annual amendment filing on February 17, 2016, JJM Financial Strategies Inc. has ceased private investment advisory services.

ANY QUESTIONS: JJM Financial Strategies Inc.’s Chief Compliance Officer, John J. Malzone, remains available to address any questions that a client or prospective client may have regarding this Brochure.

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Item 4 Advisory Business

- A. JJM Financial Strategies, Inc. (“JJM Financial”) is a corporation formed on January 11, 1993 in the Commonwealth of Pennsylvania. JJM Financial became registered as an Investment Adviser Firm in May 1993. JJM Financial is owned by John J. Malzone, JJM Financial’s President and Chief Compliance Officer.
- B. As discussed below, JJM Financial offers to its clients (individuals, pension and profit sharing plans, trusts and business entities, etc.) investment advisory services, and, to the extent specifically requested by a client, retirement planning and related consulting services.

INVESTMENT ADVISORY SERVICES

JJM Financial primarily offers investment advisory services on a non-discretionary *fee-only* basis. However, certain limited situations, JJM Financial may determine to provide investment advisory services on a discretionary *fee-only* basis. Before engaging JJM Financial to provide investment advisory services, clients are required to enter into an *Investment Advisory Agreement* with JJM Financial setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the fee that is due from the client.

To commence the investment advisory process, an investment adviser representative will first ascertain each client’s investment objectives and then allocate and/or recommend that the client allocate investment assets consistent with the designated investment objectives. Once allocated, JJM Financial provides ongoing monitoring and review of account performance and asset allocation as compared to client investment objectives, and rebalances and/or recommends that clients rebalance accounts as necessary based on such reviews.

RETIREMENT PLANNING AND CONSULTING SERVICES (STAND-ALONE)

To the extent requested by a client, JJM Financial *may* determine to provide retirement planning and/or consulting services on a stand-alone separate fee basis. JJM Financial’s planning and consulting fees are negotiable, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s). Prior to engaging JJM Financial to provide planning or consulting services, clients are generally required to enter into a *Retirement Planning Agreement* with JJM Financial setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to JJM Financial commencing services. JJM Financial **does not** provide estate, tax or insurance planning. JJM Financial **does not** serve as an attorney, accountant, or insurance agency, and no portion of its services should be construed as legal, accounting, or insurance brokerage services. Accordingly, JJM Financial **does not** prepare estate planning documents, tax returns or sell insurance products. If requested by the client, JJM Financial may recommend the services of other professionals for implementation purposes. The 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 from JJM Financial. **Please Note:** If the client engages any such 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:** It remains the

client's responsibility to promptly notify JJM Financial if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising JJM Financial's previous recommendations and/or services.

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Non-Discretionary Service Limitations. Clients that determine to engage JJM Financial on a non-discretionary investment advisory basis **must be willing to accept** that JJM Financial cannot effect any account transactions without obtaining prior consent to such transaction(s) from the client. Thus, in the event that JJM Financial would like to make a transaction for a client's account (including in the event of an individual holding or general market correction), and the client is unavailable, JJM Financial will be unable to effect the account transaction(s) (as it would for its discretionary clients) **without first obtaining the client's consent.**

Retirement Plan Rollovers-No Obligation/Conflict of Interest. A client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in his/her 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) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). JJM Financial may recommend an investor roll over plan assets to an IRA managed by JJM Financial. As a result JJM Financial and its representatives may earn an asset-based fee (see **Please Note** below). In contrast, a recommendation that a client or prospective client leave his or her plan assets with his/her former employer or roll the assets to a plan sponsored by a new employer will generally result in no compensation to JJM Financial (unless clients engage JJM Financial to monitor and/or manage the account while maintained at his/her employer). JJM Financial has an economic incentive to encourage a client to roll plan assets into an IRA that JJM Financial will manage **or** to engage JJM Financial to monitor and/or manage the account while maintained at the client's employer. There are various factors that JJM Financial 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 JJM Financial's, (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 managed by JJM Financial or to engage JJM Financial to monitor and/or manage the account while maintained at the client's employer.** **Please Note:** If JJM Financial's engagement will include the management of the client's retirement account per the same fee schedule set forth in Item 5 below, regardless of custodian or the client's decision to process a rollover, the above economic incentive to recommend a rollover is generally not present. **JJM Financial's Chief Compliance Officer, John J. Malzone, remains available to address any questions that a client or prospective client may have regarding its prospective engagement and the corresponding conflict of interest presented by such engagement.**

Use of Mutual Funds. While JJM Financial may recommend allocating investment assets to mutual funds that are not available directly to the public, JJM Financial may also recommend that clients allocate investment assets to publically-available mutual funds that the client could obtain without engaging JJM Financial as an investment adviser. However, if a client or prospective client determines to allocate investment assets to publically-available mutual funds without engaging JJM Financial as an investment adviser, the client or prospective client would not receive the benefit of JJM Financial's initial and ongoing investment advisory services.

Client Obligations. In performing its services, JJM Financial 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 JJM Financial if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising JJM Financial's previous recommendations and/or services.

Disclosure Statement. A copy of JJM Financial's written Disclosure Statement as set forth on Part 2 of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the *Investment Advisory Agreement* or *Retirement Planning Agreement*.

- C. JJM Financial shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, JJM Financial shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at anytime, impose reasonable restrictions, in writing, on JJM Financial's services.
- D. JJM Financial does not participate in a wrap fee program.
- E. As of December 31, 2016, JJM Financial had \$0 in assets under management on a non-discretionary basis.

Item 5 Fees and Compensation

A.

INVESTMENT ADVISORY SERVICES

If a client determines to engage JJM Financial to provide investment advisory services on a *fee-only* basis, JJM Financial's negotiable annual investment advisory fee shall be generally based upon a percentage (%) of the market value and type of assets placed under management on a stepped-up basis as follows*:

<u>Assets Under Management</u>	<u>Annual Fee</u>
First \$500,000	1.00%
Additional assets between \$500,001 - \$1,000,000	0.90%
Additional assets between \$1,000,001 - \$5,000,000	0.80%
Additional assets between \$5,000,001 - \$10,000,000	0.70%
Additional assets between \$10,000,001 - \$15,000,000	0.60%
Additional assets between \$15,000,001 - \$20,000,000	0.50%
Additional assets between \$20,000,001 - \$25,000,000	0.40%
Balance over \$25,000,000	0.30%

*The resulting amount determined based upon assets under management shall be subject to a \$1,250 quarterly minimum not to exceed 2.5% of the portfolio. JJM Financial reserves the right to raise the quarterly minimum at anytime following written notification of same to client according to the terms and conditions of the *Investment Advisory Agreement*.

When consistent with a client's investment objectives, JJM Financial may recommend that clients allocate a maximum of 20% of the equity portion of their investment portfolios into its "SCORE Portfolio" asset allocation program, which JJM Financial manages on a discretionary basis as more fully described in Item 8.C. below. JJM Financial requires a minimum investment of \$50,000 in any SCORE Portfolio. JJM Financial's non-negotiable annual investment advisory fee relative to the SCORE Portfolio is based upon a percentage (%) of the market value of the assets allocated to the SCORE Portfolio as follows:

<u>Assets Under Management</u>	<u>Annual Fee</u>
First \$50,000 - \$100,000	1.75%
Additional assets between \$100,001 - \$500,000	1.50%
Additional assets between \$500,001 - \$1,000,000	1.25%
Additional assets exceeding \$1,000,000	1.00%

RETIREMENT PLANNING AND CONSULTING SERVICES (STAND-ALONE)

To the extent specifically requested by a client, JJM Financial *may* determine to provide retirement planning and/or consulting services on a stand-alone fee basis. JJM Financial's planning and consulting fees are negotiable, but generally range from \$175 to \$1,750 on a fixed fee basis, and \$175 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s).

- B. Clients may elect to have JJM Financial's advisory fees deducted from their custodial account. Both JJM Financial's *Investment Advisory Agreement* and the custodial/ clearing agreement may authorize the custodian to debit the account for the amount of JJM Financial's investment advisory fee and to directly remit that management fee to JJM Financial in compliance with regulatory procedures. In the limited event that JJM Financial bills the client directly, payment is due upon receipt of JJM Financial's invoice. JJM Financial shall deduct fees and/or bill clients quarterly in arrears, based upon the market value of the assets on the last business day of the previous quarter.
- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, JJM Financial shall generally recommend that T.D. Ameritrade ("Ameritrade") and/or Charles Schwab and Co., Inc. ("Schwab") serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as Ameritrade and Schwab charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). In addition to JJM Financial's investment advisory fee, brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).
- D. JJM Financial's annual investment advisory fee shall be prorated and paid quarterly, in arrears, based upon the market value of the assets on the last business day of the previous quarter. The *Investment Advisory Agreement* between JJM Financial and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Advisory Agreement*. Upon termination, any unpaid portion of JJM Financial's earned fee shall be prorated and billed in accordance with the terms specified in the *Investment Advisory Agreement*.
- E. Neither JJM Financial, nor its representatives, accepts compensation from the sale of securities or other investment products.

Item 6 Performance-Based Fees and Side-by-Side Management

Neither JJM Financial, nor any supervised person of JJM Financial, accepts performance-based fees.

Item 7 Types of Clients

JJM Financial's clients shall generally include individuals, pension and profit sharing plans, trusts and business entities. JJM generally imposes a minimum annual fee of \$5,000. Therefore, if a client maintains less than \$500,000 under JJM Financial's management, and is subject to the \$5,000 annual fee, the client will pay a higher percentage annual fee than the 1.00% referenced in Item 5.A. above, but such fee shall not exceed 2.5% of the value of assets under management. JJM Financial, in its sole discretion, may reduce its minimum annual fee requirement or charge a lesser investment advisory fee or based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

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

A. JJM Financial may utilize the following methods of security analysis:

- Charting - (analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices)
- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
- Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)
- Cyclical – (analysis performed on historical relationships between price and market trends, to forecast the direction of prices)

JJM Financial may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)

Please Note: Investment Risk. Investing in securities involves risk of loss that clients should be prepared to bear. 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 JJM Financial) will be profitable or equal any specific performance level(s).

B. JJM Financial's methods of analysis and investment strategies do not present any significant or unusual risks. However, every method of analysis has its own inherent risks. To perform an accurate market analysis JJM Financial must have access to current/new market information. JJM Financial has no control over the dissemination rate of market information; therefore, unbeknownst to JJM Financial, certain analyses may be compiled with outdated market information, severely limiting the value of JJM Financial's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

JJM Financial's primary investment strategies - Long Term Purchases and Short Term Purchases - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy.

C. Currently, JJM Financial primarily allocates investment management assets of its client accounts among individual debt and equity securities, and various no-load mutual fund classes, primarily on a non-discretionary basis, in accordance with the investment objectives of the client.

When consistent with a client's investment objectives, JJM Financial may also recommend that clients allocate a maximum of 20% of the equity portion of their

investment portfolios into its “SCORE Portfolio” asset allocation program, which JJM Financial manages on a discretionary basis. The SCORE Portfolio consists of up to twenty individual equities from nine of the following “innovative and disruptive” sectors, with two to four individual equities selected from each such sector:

- Alternative Energy
- Cannabis/Medical Marijuana
- Cyber-Defense
- Digital Commerce
- Electric Transportation
- Genetic Sequencing/Health Care
- Real Estate/Senior Housing
- Robotics
- Wireless Utilities

The SCORE Portfolio asset allocation program has been designed to comply with the requirements of Rule 3a-4 of the Investment Company Act of 1940. Rule 3a-4 provides similarly managed investment programs, such as the Score Portfolio asset allocation program, with a non-exclusive safe harbor from the definition of an investment company. In accordance with Rule 3a-4, the following disclosure is applicable to JJM Financial’s management of client assets allocated to the SCORE Portfolio:

1. Initial Interview – at the opening of the account, JJM Financial, through its designated representatives, shall obtain from the client information sufficient to determine the client’s financial situation and investment objectives;
2. Individual Treatment - the account is managed on the basis of the client’s financial situation and investment objectives;
3. Quarterly Notice – at least quarterly JJM Financial shall notify the client to advise JJM Financial whether the client’s financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of the account;
4. Annual Contact – at least annually, JJM Financial shall contact the client to determine whether the client’s financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of the account;
5. Consultation Available – JJM Financial shall be reasonably available to consult with the client relative to the status of the account;
6. Quarterly Report – the client shall be provided with a quarterly report for the account for the preceding period;
7. Ability to Impose Restrictions – the client shall have the ability to impose reasonable restrictions on the management of the account, including the ability to instruct JJM Financial not to purchase certain securities;
8. No Pooling – the client’s beneficial interest in a security does not represent an undivided interest in all the securities held by the custodian, but rather represents a direct and beneficial interest in the securities which comprise the account;
9. Separate Account - a separate account is maintained for the client with the Custodian;
10. Ownership – each client retains indicia of ownership of the account (e. g. right to withdraw securities or cash, exercise or delegate proxy voting, and receive transaction confirmations).

JJM Financial believes that its annual investment advisory fee is reasonable in relation to: (1) the advisory services provided under the *Investment Advisory Agreement*; and (2) the fees charged by other investment advisers offering similar services/programs. However, JJM Financial's annual investment advisory fee may be higher than that charged by other investment advisers offering similar services/programs. In addition to JJM Financial's annual investment advisory fee, the client will also incur charges imposed directly at the mutual and exchange traded fund level (e.g., management fees and other fund expenses). **Please Note:** JJM Financial's SCORE Portfolio program may involve above-average portfolio turnover which could negatively impact upon the net after-tax gain experienced by an individual client in a taxable account.

Item 9 Disciplinary Information

JJM Financial has not been the subject of any disciplinary actions.

Item 10 Other Financial Industry Activities and Affiliations

- A. Neither JJM Financial, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither JJM Financial, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. JJM Financial does not have any relationship or arrangement that is material to its advisory business or to its clients with any related person.
- D. JJM Financial does not receive, directly or indirectly, compensation from investment advisers that it recommends or selects for its clients.

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

- A. JJM Financial maintains an investment policy relative to personal securities transactions. This investment policy is part of JJM Financial's overall Code of Ethics, which serves to establish a standard of business conduct for all of JJM Financial's representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, JJM Financial also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by JJM Financial or any person associated with JJM Financial.

- B. Neither JJM Financial nor any related person of JJM Financial recommends, buys, or sells for client accounts, securities in which JJM Financial or any related person of JJM Financial has a material financial interest.
- C. JJM Financial and/or representatives of JJM Financial *may* buy or sell securities that are also recommended to clients. This practice may create a situation where JJM Financial and/or representatives of JJM Financial are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as “scalping” (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if JJM Financial did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, “front-running” (i.e., personal trades executed prior to those of JJM Financial’s clients) and other potentially abusive practices.

JJM Financial has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of JJM Financial’s “Access Persons”. JJM Financial’s securities transaction policy requires that an Access Person of JJM Financial must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person’s current securities holdings at least once each twelve (12) month period thereafter on a date JJM Financial selects; provided, however that at any time that JJM Financial has only one Access Person, he or she shall not be required to submit any securities report described above.

- D. JJM Financial and/or representatives of JJM Financial *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where JJM Financial and/or representatives of JJM Financial are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11.C, JJM Financial has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of JJM Financial’s Access Persons.

Item 12 Brokerage Practices

- A. In the event that the client requests that JJM Financial recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct JJM Financial to use a specific broker-dealer/custodian), JJM Financial generally recommends that investment management accounts be maintained at *Ameritrade* and/or *Schwab*. Prior to engaging JJM Financial to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with JJM Financial setting forth the terms and conditions under which JJM Financial shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that JJM Financial considers in recommending *Ameritrade* and/or *Schwab* (or another broker-dealer/custodian, investment platform and/or mutual fund sponsor to clients) include historical relationship with JJM Financial, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or

transaction fees paid by JJM Financial's clients shall comply with JJM Financial's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where JJM Financial determines, in good faith, that the commission/transaction fee is reasonable. Accordingly, although JJM Financial 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, JJM Financial's investment advisory fee. JJM Financial's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

1. TD Ameritrade Institutional Program

JJM Financial participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("*TD Ameritrade*") member FINRA/SIPC/NFA. *TD Ameritrade* is an independent and unaffiliated SEC-registered broker-dealer. *TD Ameritrade* offers to independent investment Advisors services which include custody of securities, trade execution, clearance and settlement of transactions. JJM Financial receives some benefits from *TD Ameritrade* through its participation in this program. (Please see the disclosure under Item 14 below.)

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, JJM Financial may receive from *Ameritrade* and/or *Schwab* (or another broker-dealer/custodian, investment platform and/or mutual fund sponsor) without cost (and/or at a discount) support services and/or products, certain of which assist JJM Financial to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by JJM Financial 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, computer hardware and/or software and/or other products used by JJM Financial 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 JJM Financial in managing and administering client accounts. Others do not directly provide such assistance, but rather assist JJM Financial to manage and further develop its business enterprise.

JJM Financial's clients do not pay more for investment transactions effected and/or assets maintained at *Ameritrade* and/or *Schwab* as a result of this arrangement. There is no corresponding commitment made by JJM Financial to *Ameritrade* and/or *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 arrangement. **JJM Financial's Chief Compliance Officer, John J. Malzone, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.**

2. JJM Financial does not receive referrals from broker-dealers.
3. JJM Financial 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 JJM Financial 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 JJM Financial. As a result, 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 JJM Financial 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 JJM Financial.

JJM Financial's Chief Compliance Officer, John J. Malzone, remains available to address any questions that a client or prospective client may have regarding the above arrangement.

- B. To the extent that JJM Financial provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless JJM Financial decides to purchase or sell the same securities for several clients at approximately the same time. JJM Financial may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among JJM Financial's 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. JJM Financial shall not receive any additional compensation or remuneration as a result of such aggregation.

Item 13 Review of Accounts

- A. For those clients to whom JJM Financial provides investment supervisory services, account reviews are conducted on an ongoing basis by JJM Financial's Principals and representatives. All investment supervisory clients are advised that it remains their responsibility to advise JJM Financial of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with JJM Financial on an annual basis.
- B. JJM Financial *may* conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.

- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. JJM Financial may also provide a written periodic report summarizing account activity and performance.

Item 14 Client Referrals and Other Compensation

- A. As referenced in Item 12.A.1 above, JJM Financial may receive an indirect economic benefit from *Schwab* and/or *Ameritrade*. JJM Financial, without cost (and/or at a discount), may receive support services and/or products from *Schwab* and/or *Ameritrade*.

JJM Financial's clients do not pay more for investment transactions effected and/or assets maintained at *Schwab* and/or *Ameritrade* as a result of this arrangement. There is no corresponding commitment made by JJM Financial to *Schwab* and/or *Ameritrade* 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 arrangement.

As disclosed under Item 12 above, JJM Financial participates in *TD Ameritrade* institutional customer program and JJM Financial may recommend *TD Ameritrade* to Clients for custody and brokerage services. There is no direct link between JJM Financial's participation in the program and the investment advice it gives to its Clients, although JJM Financial receives economic benefits through its participation in the program that are typically not available to *TD Ameritrade* retail investors.

These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving JJM Financial participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to JJM Financial by third party vendors.

TD Ameritrade may also have paid for business consulting and professional services received by JJM Financial's related persons. Some of the products and services made available by *TD Ameritrade* through the program may benefit JJM Financial but may not benefit its Client accounts. These products or services may assist JJM Financial in managing and administering Client accounts, including accounts not maintained at *TD Ameritrade*. Other services made available by *TD Ameritrade* are intended to help JJM Financial manage and further develop its business enterprise. The benefits received by JJM Financial or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to *TD Ameritrade*. As part of its fiduciary duties to clients, JJM Financial endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by JJM Financial or its related persons in and of itself creates a potential conflict of interest and may indirectly influence JJM Financial's choice of *TD Ameritrade* for custody and brokerage services.

JJM Financial also receives from *TD Ameritrade* certain additional economic benefits that may or may not be offered to any other independent investment advisors participating in the program (“Additional Services”). Specifically, the benefits include up to \$5,000 of back office support services provided by AllBackOffice, an unaffiliated third party, to assist with the costs for the transitioning certain clients to *TD Ameritrade*. JJM Financial has no expectation that these Additional Services will be offered again. *TD Ameritrade* provides this benefit to JJM Financial in its sole discretion and at its own expense, and JJM Financial does not pay any fees to *TD Ameritrade* for such additional economical benefit. JJM financial and *TD Ameritrade* have entered into a separate agreement (“Additional Services Addendum”) to govern the terms of the provision of the Additional Services.

JJM Financial’s receipt of the Additional Services raises potential conflicts of interest. In providing Additional services to JJM financial, *TD Ameritrade* most likely considers the amount and profitability to *TD Ameritrade* of the assets in, and trades placed for, JJM Financial’s client accounts maintained with *TD Ameritrade*. *TD Ameritrade* has the right to terminate the Additional Services Addendum with JJM Financial, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from *TD Ameritrade*, JJM Financial may have the incentive to recommend to its clients that the assets under management by JJM Financial be held in custody with *TD Ameritrade* and to place transactions for the client accounts with *TD Ameritrade*. JJM Financial’s receipt of Additional Services does not diminish its duty to act in the best interest of its clients, including to seek best execution of trades for client accounts.

JJM Financial’s Chief Compliance Officer, John J. Malzone, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.

- B. If a client is introduced to JJM Financial by either an unaffiliated or an affiliated solicitor, JJM Financial may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from JJM Financial’s investment advisory fee, and shall not result in any additional charge to the client. If the client is introduced to JJM Financial by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of JJM Financial’s written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between JJM Financial and the solicitor, including the compensation to be received by the solicitor from JJM Financial.

Item 15 Custody

JJM Financial shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. JJM Financial may also provide a written periodic report summarizing account activity and performance.

Please Note: To the extent that JJM Financial provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by JJM Financial with the account statements received from the account custodian. **Please Also Note:** The account custodian does not verify the accuracy of JJM Financial's advisory fee calculation.

Item 16 Investment Discretion

The client can determine to engage JJM Financial to provide investment advisory services on a discretionary basis. Prior to JJM Financial assuming discretionary authority over a client's account, the client shall be required to execute an *Investment Advisory Agreement*, naming JJM Financial as the client's attorney and agent in fact, granting JJM Financial full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage JJM Financial on a discretionary basis may, at anytime, impose restrictions, **in writing**, on JJM Financial's discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe JJM Financial's use of margin, etc).

Item 17 Voting Client Securities

Unless the client directs otherwise in writing, JJM Financial is responsible for voting client proxies (**However**, the client shall maintain exclusive responsibility for all legal proceedings or other type events pertaining to the account assets, including, but not limited to, class action lawsuits.). JJM Financial shall vote proxies in accordance with its Proxy Voting Policy, a copy of which is available upon request. JJM Financial shall monitor corporate actions of individual issuers and investment companies consistent with JJM Financial's fiduciary duty to vote proxies in the best interests of its clients. Although the factors which JJM Financial will consider when determining how it will vote differ on a case by case basis, they may, but are not limited to, include the following: a review of recommendations from issuer management, shareholder proposals, cost effects of such proposals, effect on employees and executive and director compensation. With respect to individual issuers, JJM Financial may be solicited to vote on matters including corporate governance, adoption or amendments to compensation plans (including stock options), and matters involving social issues and corporate responsibility. With respect to investment companies (e.g., mutual funds), JJM Financial may be solicited to vote on matters including the approval of advisory contracts, distribution plans, and mergers. JJM Financial shall maintain records pertaining to proxy voting as required pursuant to Rule 204-2 (c)(2) under the Advisers Act. Copies of Rules 206(4)-6 and 204-2(c)(2) are available upon written request. In addition, information pertaining to how JJM Financial voted on any specific proxy issue is also available upon written request. Requests should be made by contacting JJM Financial's Chief Compliance Officer, John J. Malzone.

Item 18 Financial Information

- A. JJM Financial does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. JJM Financial is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. JJM Financial has not been the subject of a bankruptcy petition.

ANY QUESTIONS: JJM Financial's Chief Compliance Officer, John J. Malzone, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.