

## **Form ADV – Part 2A: Firm Brochure**

### **Item 1: Cover Page**

**March 31, 2017**



**1600 South Main Street  
Suite 275  
Walnut Creek, CA 94596**

#### ***Firm Contact:***

**Justin W. Dodson, Chief Compliance Officer**

#### ***Firm Website:***

**[www.JPKingAdvisors.com](http://www.JPKingAdvisors.com)**

This brochure provides information about the qualifications and business practices of J.P. King Advisors, Inc. (hereinafter referred to as "JPKA" or "the Firm" or "us"). JPKA is registered as an investment adviser under the Investment Advisors Act of 1940. If you have any questions about the contents of this Brochure, please contact us by telephone at (925) 935-1555 or email [justin@jpkingsadvisors.com](mailto:justin@jpkingsadvisors.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or any State Securities Authority.

Additional information about J.P. King Advisors, Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) and at our firm's website: [www.jpkingsadvisors.com](http://www.jpkingsadvisors.com).

Please note that the use of the term "registered investment adviser" and description of J.P. King Advisors, Inc. and/or our associates as "registered" does not imply a certain level of skill or training. You are encouraged to review this Brochure and Brochure Supplements for our firm's associates who advise you for more information on the qualifications of our firm and our employees.

## Item 2: Material Changes

### **Annual Update:**

J.P. King Advisors, Inc. is required to advise you of any material changes to Form ADV – Part 2A, the Firm Brochure (“Brochure”) from our last update.

### **Material Changes Since Last Update:**

As of January 1, 2017 the following changes were made to the leadership structure of the firm:

Scott N. Horton is now President, CEO, and CIO (Chief Investment Officer)

Justin W. Dodson is now Principal, COO, and CCO (Chief Compliance Officer)

James P. King is now Founder and Chairman

These three shareholders comprise the Executive Committee of *JPKA*.

Stock ownership of the firm also changed, as noted In Item 4, Section B, on page seven of this Brochure

### **Full Brochure Available:**

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at (925) 935-1555 or by email to [nancy@jpkadvisors.com](mailto:nancy@jpkadvisors.com).

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*Form ADV Part 2B – Brochure Supplement available upon request*

## Item 4: Advisory Business

### A. **Firm History, Principal Owners, and General Description of Services**

Founded by James Patrick King in 1981, the company incorporated as J.P. King Financial Advisors, Inc., and registered as an Investment Advisor with the SEC in 1982, offering financial advice on a fee basis. The firm was changed to a proprietorship with the dissolution of the corporation on December 29, 1988. The business was reincorporated as J.P. King & Associates, Inc. as of January 1, 2007. In April 2012 the name of our firm was changed to J.P. King Advisors, Inc. (JPKA). J.P. King Advisors, Inc. is a Registered Investment Advisory firm that provides comprehensive financial planning and investment advisory services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, partnerships and small businesses. Our focus is on enabling our clients to achieve their goals through long-term relationships that address a wide array of issues and concerns, including wealth acquisition and management; investment portfolio selection and monitoring; retirement planning; estate and legacy planning; risk management; cash flow and income tax planning; charitable planning, and other wealth creation, preservation and transfer matters. Related persons of the Firm may be licensed insurance agents.

### B. **Principal Owners:** J.P. King Advisors, Inc. is a 100 percent employee-owned S Corporation formed in the State of California. Shares of the firm's stock are owned as follows:

Scott N. Horton: At least 50% but less than 75%

Justin W. Dodson: At least 25% but less than 50%

James P. King: At least 5% but less than 25%

### C. **Types of Advisory Services We Offer:** JPKA provides advisory services in the following ways:

#### **Financial Planning Services:**

**FOUNDComprehensive Financial Plan:** A comprehensive financial planning agreement is designed to help you with all aspects of financial planning. Using data gathered from interviews plus a questionnaire and related documents you provide, JPKA creates a written plan based on your individual situation to outline financial and retirement goals. The plan presents investment returns, savings rates, and other actions required to achieve these goals. The plan generally contains a compilation of your existing investment assets and changes recommended, and may include other relevant items such as net worth & cash flow statements; strategic tax planning; review of insurance policies; one or more retirement scenarios; estate planning review; and education planning. No legal or accounting advice is rendered.

The financial planning service includes twelve months of investment monitoring and reporting. After delivery of a comprehensive financial plan, future telephone consultations or meetings may be scheduled as necessary based on discussions between you and the advisor for the period of twelve months. The fee for the comprehensive financial planning service is a tiered, cumulative structure based on investment assets (see Item 5: Fees and Compensation).

**Financial Planning Update:** The financial planning update agreement is available to clients who already have a comprehensive financial plan from our firm. JPKA provides a review of your financial condition since the comprehensive financial plan that includes measurement of progress towards achievement of goals and recommendations for adjustments to the plan. The fee for the financial planning update is fifty percent of the fee for a comprehensive financial plan. The contract automatically terminates six months from the contract date. Follow-on implementation work is billed separately at the same hourly rates as the financial planning consultation service.

**Financial Planning Consultation:** With a financial planning consultation agreement, JPKA provides a review of your financial situation encompassing specific areas of your concern. Intended primarily for those who seek validation or critique of a current or future course of action, this service may require an indeterminate period of time. The fees for a financial planning consultation are based on hourly rates of \$250 to \$500 per hour with a two hour minimum, and the proposed fee is predicated on the facts known at

the start of the engagement. Since financial planning is a discovery process, situations may occur wherein you are unaware of certain financial exposures or predicaments. If your situation is substantially different than disclosed at the initial meeting, a revised fee is provided for mutual agreement. You must approve the change of scope in advance of the additional work when a fee increase is necessary. Further work is billed separately at the same hourly rates as for the original consultation.

### **Investment Advisory Services:**

Generally, clients of our investment advisory service receive the following:

1. Development & implementation of a personal investment plan based on our understanding of your unique circumstances, including an Investor Profile Statement (IPS) and a plan for liquidating existing securities, taking into account tax and other considerations
2. Investment selection and execution of investment plan model
3. Ongoing monitoring and quarterly performance reports in hard copy or via web portal
4. Monthly/quarterly statements directly from independent third-party custodians that hold your assets
5. Quarterly ***Market Outlook & Updates*** and periodic ***Investment Bulletins***
6. Update meetings and portfolio reviews, generally annually
7. Investment policy reviews as needed, generally every five years
8. Telephone and/or email meetings and consultations throughout the year as needed
9. The benefits of ongoing JPKA research and analysis of available investment vehicles and alternatives; our Investment Committee generally meets twice monthly to monitor the portfolios used for clients.

The annual fee for the Investment Advisory Service Agreement is a tiered, cumulative structure based on investment assets (see Item 5: Fees and Compensation).

### **Concierge Services:**

J.P. King Advisors, Inc. offers concierge services when it is more appropriate for your needs and overall situation to work on a fixed annual fee basis. We recommend this service for clients with complex financial needs. Concierge services generally include a comprehensive review of overall strategy, investment selection, portfolio management and reporting, plus coordination with other advisors, brokers and agents to effect the achievement of your goals. Fees for the concierge service agreement are negotiable.

#### **D. Disclosure of Assets Under Management:**

Our firm manages<sup>1</sup> approximately \$390,000,000 in assets for 332 client family relationships. All assets are managed on a discretionary basis.

#### **E. Tax Preparation and Wrap Fee Programs:**

Our firm does not provide tax preparation services. Upon request, our firm will refer you to one or more CPAs, EAs and/or attorneys for tax preparation services. We do not sponsor any wrap fee programs.

#### **F. Securities Used for Asset Management:**

Assets are invested primarily in no-load mutual funds and exchange-traded funds through discount brokers or fund companies. Fund companies charge each shareholder a management fee that is disclosed in the fund prospectus. Discount brokerages may charge a transaction fee for the purchase or sale of some funds. Individual securities may be purchased or sold through a brokerage account when appropriate. The brokerage firm charges a fee for stock and bond trades. JPKA does not receive any compensation from fund companies. Investments may also include corporate debt securities, commercial paper, certificates of deposit, municipal securities, variable annuities, U.S. government securities, and interests in partnerships. Initial public offerings (IPOs) are not available through our firm.

<sup>1</sup> Please note the amount of assets we manage may be disclosed by rounding down to the nearest \$100,000. This figure is for the year ended December 31, 2016 for this Brochure update of March 31, 2017 (our "as of" date must not be more than three months before the date we update our Brochure in response to Item 4.D. of Form ADV Part 2A).

**G. Termination of Agreement:**

A client may terminate any of the services and agreements described at any time by notifying JPKA up to five days in advance, either in writing, via email, or verbally. At termination, fees will be billed on a pro rata basis for the portion of the quarter already completed. The average daily portfolio value to the termination date will be used as the basis for the fee computation. We will issue a closing fee bill based on the number of days you received services in the current quarter. If we are authorized to debit the fee directly from your account, we will do so upon termination. If we are not able to debit your account directly, or you have not authorized us to debit the account directly, we will issue a final bill for payment. You are responsible for paying any balance due to JPKA.

## **Item 5: Fees and Compensation**

**A. Description of how we are compensated for our services:**

In order to deliver long-term value while providing quality advice and levels of service, JPKA has designed a simple and cost-competitive pricing schedule. The firm bases fees for its Investment Advisory Service on a percentage of assets under management. Fees for the Comprehensive Financial Planning Service are based on the value of total active investment assets. Financial Planning Consultations are priced on an hourly basis according to the degree of complexity associated with the client's situation and the particular advisor(s) who conduct the consultation. Concierge Service Agreements are based on the complexity of the work, especially when asset management is not the most significant part of the service relationship. Fees are negotiable; JPKA may charge a lesser fee based upon certain criteria including but not limited to historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, and negotiations with clients. The specific fee schedules for our services are described in the Section **B.** below.

**B. Specific fee schedules used by JPKA:**

***Investment Advisory Service:*** The annual fee for the Investment Advisory Service is a tiered, cumulative structure based on a percentage of investable assets according to the following schedule:

- 0.75 percent of active investment assets for the first \$1 million;
- 0.65 percent of active investment assets for the second \$1 million;
- 0.50 percent of active investment assets for the third \$1 million;
- 0.40 percent of active investment assets for the fourth \$1 million; and
- 0.30 percent of active investment assets for all assets above \$4 million

***Comprehensive Financial Planning Service:*** The fee for the Comprehensive Financial Planning service is a tiered, cumulative structure based on investment assets, as follows:

- 1.0 percent of active investment assets for the first \$1 million;
- 0.8 percent of active investment assets for the second \$1 million;
- 0.6 percent of active investment assets for the third \$1 million;
- 0.5 percent of active investment assets for the fourth \$1 million; and
- 0.4 percent of active investment assets for all assets above \$4 million

The Comprehensive Financial Planning service automatically terminates twelve months from the date of the contract. At this time the client may choose to retain our services for ongoing asset management, sign a new contract, and are switched to the lower-cost Investment Advisory Service fee schedule for as long as they remain clients of our firm.

**C. How Fees Are Paid:**

Fees are deducted from managed account(s) and are billed quarterly in arrears, based on the average daily balance of asset values from the beginning through the end of each quarter. In cases where an account's average daily balance is not available we will use the account value as of the last day of the previous quarter for calculating fees. JPKA invoices each client after the three-month billing period has ended. The client must consent in advance to direct debiting of their investment accounts. In some cases we allow clients to pay their fees directly by check following receipt of a bill. Fees for partial quarters are prorated based on the number of days during the quarter for which the agreement was in effect. Financial planning consultation fees are billed upon completion of work and are due and payable at that time.

**D. Description of Expense Ratios, Other Fees and Expenses:**

Fees paid to JPKA are separate and distinct from fees charged by funds and fees paid to custodians. Clients may incur transaction charges for trades executed in their accounts from the custodians through which the trades are executed. These fees are separate from our fees, and we generally verbally review these custodial fees and fund expenses with new clients. Our practice is to minimize fees to clients whenever possible, using no-load and low cost securities as often as practical. These fees and transaction charges are usually small and incidental to the purchase or sale, and we believe the selection of the security is often more important than the nominal fee that the custodian charges for purchase and sale transactions.

**E. Past Due Accounts and Termination of Agreement:**

JPKA reserves the right to stop work on any account that is more than thirty days overdue. In addition, our firm reserves the right to terminate any financial planning engagement where a client has purposely or willfully concealed, or has refused to provide, pertinent information about financial issues when necessary and appropriate (in our judgment) to providing proper financial advice. Any unused portion of fees collected in advance will be refunded within thirty days.

**F. Conflicts of Interest:**

JPKA offers services on a non-exclusive basis. And we always strive to avoid situations where one client's interest may conflict with the interests of other clients or with the firm.

### **Item 6: Performance-Based Fees**

This item is not applicable to JPKA. Our firm does not use any performance-based fee structure, nor do we manage accounts that impose performance-based fees. We do not accept fees based on a share of the capital gains or capital appreciation of managed securities.

### **Item 7: Types of Clients & Account Requirements**

JPKA provides services to individuals, high net worth individuals, trusts, estates, charitable organizations, pension and profit sharing plans, corporations and other business entities. Client relationships vary in scope and length of service. JPKA has no minimum requirements for engaging our services. We reserve the right to refuse service to anyone if our services are not appropriate for you. In such instances, JPKA will attempt to provide suitable alternative advisor recommendations for your consideration.

### **Item 8: Methods of Analysis, Investment Strategies & Risk of Loss**

**Methods of Analysis:**

Our investment philosophy is focused on capital preservation and risk management. Our investment strategy is based on a wide body of empirical academic research and historical market data that embodies the major tenets of Modern Portfolio Theory, diversification, asset allocation, and behavioral economics. Overall our investment strategy is guided by the following principles:

1. The future is impossible to predict, so all investment strategies must take account of uncertainty.
2. There is a good reason why prospectuses say that “*past performance does not guarantee future results*” – it doesn’t. However the past teaches valuable lessons about investor behavior that can be applied to present and future decisions.
3. While earning a competitive or even superior rate of return is nearly universally desirable, managing risk exposure is the most important consideration in successful portfolio design.
4. Short-term trends can sometimes persist for extended time periods until they change, often dramatically. This makes market timing an extremely risky and difficult tactic to successfully employ over time.
5. The biggest obstacles to long-term success are unrealistic expectations and lack of discipline. Investors tend to be overconfident during rising markets and nervous or fearful during falling markets both of which lead to poor decision making.
6. Passive index investments have many desirable attributes, principally low costs and relative tax efficiency.
7. Active investment managers (AIMs), as a group, reduce net returns due to fees and expenses incurred. But AIMs who are experienced, disciplined and skilled can make important contributions to a diversified portfolio strategy.
8. While research and analysis help select investments and AIMs, strategic factors such as investment policy, asset allocation, and portfolio rebalancing have a greater effect on long-term results.

Our strategy is based on the belief that strategic asset allocation is the most important determinant of a portfolio’s risk and return over time. We design globally diversified portfolios that target the major asset classes of domestic and international equities, fixed income, alternative investments, and cash. Our Investment Committee uses a disciplined approach employing strategic elements in managing the firm’s portfolio allocations.

#### **Sources of Information:**

In creating investment strategies or financial plans, JPKA obtains information from commercially available services covering investment companies, taxes, real estate investments, annuities, funds & other securities, market conditions, and historical information and ratings of individual securities. We rely heavily on information clients provide pertaining to their financial situation, investment goals and objectives, time horizon, liquidity requirements, tax situation, estate planning, college planning, insurance needs and other factors. This information forms the foundation for an asset allocation plan for each client, which is then formalized in an **Investor Profile Statement** (IPS). Each client reviews and signs an IPS to document their desired investment strategy. The IPS is a dynamic communication tool that is revisited and revised as your circumstances and objectives change over time, generally every five years.

#### **Risk of Loss:**

All investment programs have certain risks that are borne by the investor. Our investment recommendations seek to limit risk through global diversification within and across a broad range of asset classes. Our investment approach constantly and consistently keeps the risk of loss in mind. In addition to the general risk of loss, investors face specific types of risk as follows:

1. **Market Risk:** The price of a security may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security’s particular underlying circumstances. For example, political or economic conditions may trigger market events. Even a long-term investment approach cannot guarantee a profit. The value of even a well-diversified portfolio will fluctuate and there is a risk that investors will lose money.
2. **Correlation Risk:** This is the risk that correlations between individual funds, securities, and asset classes increase, resulting in a decrease in the risk reduction benefits of diversification. In particular there is a tendency for correlations of different types of risky assets to increase during periods of financial stress, causing portfolio losses that can be more severe than would otherwise be the case if correlations had remained at lower levels.
3. **Foreign Securities & Currency Risk:** Foreign investments may decline or fluctuate because of (1) economic or political actions of foreign governments and/or (2) less regulated, less liquid securities markets. Investors holding these securities are also exposed to foreign currency risk or exchange rate risk, the result of foreign currencies fluctuating in value against the U.S. dollar.



4. **Emerging & Frontier Markets Risk:** Many emerging market countries have a history of economic and political disruptions, and continue to experience such events. Stock markets in many of these countries are relatively small, risky, and expensive to trade in. Foreigners may be limited in their ability to invest in and withdraw assets from these markets. Frontier market countries generally have smaller economies with less developed capital markets, magnifying the risks of investing in emerging markets.
5. **Interest Rate Risk:** Changes in interest rates may cause security prices to fluctuate; e.g. when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
6. **Credit Risk:** This is the risk that the issuer of a security may be unable to make interest payments and/or repay principal when due. A downgrade to an issuer's credit rating, or a change in an issuer's financial strength, may affect the value of a security and thus impact fixed income performance.
7. **Inflation Risk:** When inflation rises, a dollar next year will not buy as much as a dollar today, because purchasing power is eroding at the rate of inflation.
8. **Reinvestment Risk:** This risk relates primarily to fixed income securities, when future proceeds from investments may have to be reinvested at a potentially lower rate of return (lower interest rate).
9. **Business Risk:** Business risks are associated with a particular industry or a specific company within an industry. For example, oil-drilling companies depend on finding oil and then refining it before they can generate a profit, a lengthy process. These companies carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
10. **Liquidity Risk:** Liquidity is the ability to readily convert a security into cash. Generally, assets are more liquid if many investors are interested in a standardized product. For example, Treasury bills are highly liquid, while real estate properties are not.
11. **Financial Risk:** Excessive borrowing to finance business operations increases the risk of default, because the company must always meet its obligations. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

#### **Securities Not Included in the Strategies Described:**

Client portfolios may include individual equity or fixed income securities that are not included in any of the firm's investment strategies. These are exceptions, usually positions that a client purchased prior to working with us that may be held due to tax implications or for other client-specific considerations. JPKA will generally develop a plan for the liquidation of non-recommended positions in consultation with the client. If a client wishes to maintain a position that is not part of their recommended investment strategy, JPKA may, after discussion with the client, exclude these securities from our management fee and performance calculations. While this is a rare event, in such situations JPKA will clearly state those positions are "excluded" and/or "unsupervised" and that our firm is not responsible for their management.

#### **Annuities:**

JPKA may also recommend and sell annuities to clients when appropriate. Advisors review client's existing annuities and insurance policies, and may recommend clients transfer their existing policies to low-cost, no-load variable or fixed annuities or to term life or another form of life insurance when applicable. JPKA will manage any annuities as part of the client's overall asset allocation plan. Related persons of our firm may receive commissions on the sale of insurance products and such compensation will be disclosed in advance of any purchase.

### **Item 9: Disciplinary Information**

Registered Investment Advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of our advisory business. We have determined that JPKA and its employees have no items to disclose.

## Item 10: Other Financial Industry Activities & Affiliations

Our firm has no financial industry activities other than those described in this Brochure. JPKA does not have any relationships or financial arrangements that include any of the following:

1. Investment company or other pooled investment vehicle
2. Other investment advisor or financial partner
3. Banking or thrift institution
4. Lawyer or law firm
5. Pension company or consultant
6. Real estate broker or dealer

Licensed advisors of the firm may engage in the sale of insurance products, spending less than five percent of their time on those activities. A potential conflict of interest exists as JPKA may receive insurance commissions in addition to investment advisory fees. Clients are under no obligation to purchase insurance products from these insurance-licensed advisors: James P. King, CFP®, Scott N. Horton, CFP®, Justin W. Dodson and Jessica L. Shafer, CFP®.

## Item 11: Code of Ethics, Participation in Client Transactions and Personal Trading

### **Code of Ethics:**

The Certified Financial Planner Board of Standards (CFP Board) maintains professional standards necessary for competency and ethics in the financial planning profession. Our firm has committed to the CFP Board's *Code of Ethics and Professional Responsibility* and its *Rules of Conduct*. JPKA has also adopted its own Code of Ethics. These principles are designed to emphasize the fiduciary duty to clients required of all our employees, and these same principles detail the process for compliance with applicable laws such as insider trading and money laundering. JPKA will provide a copy of this code to any client or prospective client upon request. We include a copy of the code in our *Annual Privacy, Disaster, and Business Continuity Disclosure* to clients.

The objectives of the *J.P. King Advisors Code of Ethics* are to protect the firm's clients and the firm's reputation, and include the following important principles:

1. JPKA employees will always place the client's interest before all others
2. JPKA employees will conduct personal securities transactions in a manner that avoids any conflict of interest or abuse of position or trust
3. JPKA employees will safeguard the privacy and confidentiality of client information
4. JPKA employees will undertake investment decisions in a manner that is independent and appropriate for each individual client
5. JPKA employees will act in a manner that safeguards the Firm's reputation and is consistent with the principles of honesty, integrity, and professionalism

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

Our Firm and related persons do not participate in securities in which they have a material financial interest, nor do we recommend to clients securities in which we have a material financial interest.

### **Personal Trading:**

Our firm's *Code of Ethics* allows all employees to buy and sell securities for their personal accounts that are also recommended to and held by clients. In fact, the Firm's advisors generally purchase for their own accounts the same investments recommended to clients in similar circumstances. However, it is the Firm's policy that no employee may trade their own securities ahead of client trades, as specified in the *JPKA Compliance Manual*.

The Chief Compliance Officer (CCO) of the Firm is Justin W. Dodson and he reviews all employee trades each quarter. The personal trading reviews ensure that clients of the Firm receive preferential treatment. Generally, our investments in mutual funds and ETFs do not give rise to conflicts because these securities are readily available to all investors and the timing of transactions by Firm personnel cannot impact the market.

## Item 12: Brokerage Practices

### **Selecting Brokerage Firms:**

Our Firm does not have any affiliation with any product sales firm, nor do we have the authority to determine the broker to be used without obtaining your consent. When recommending that you establish accounts with specific brokerage/custodian firms, we seek to recommend a custodian/broker who will hold assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others, these:

1. Business (national) reputation, financial condition, and proven integrity of the firm(s)
2. Client services offered including communication, access to information, trust services, research resources and services, and product availability
3. Commission and fee structures and competitive rates
4. Custodial and transfer services and rates
5. Timeliness and accuracy of trade execution and trade confirmations
6. SIPC insurance and related insurance issues
7. Access to institutional trading platforms that allow for efficient automated trading, and download and activity file services
8. Availability of a wide variety of high quality security choices from no-load mutual fund and ETF providers, and liquidity of securities traded
9. Other services that allow us to provide efficient investment advisory services including best execution, research services, and the ability to provide investment ideas and execute trades in difficult markets

Our Firm reviews the execution of trades and trading fees and commissions at each of our custodians, generally on an annual basis. JPKA does not receive any portion of the trading fees and commissions. Our Firm has custodial relationships with broker-dealers, principally but not exclusively with Fidelity Investments, Inc., Charles Schwab and Company, Inc., and other investment companies such as American Funds. We seek to recommend a custodian/broker who will hold your assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. Our Firm receives some benefits from Fidelity and Schwab through our participation in their advisor services programs (please see section under “Soft Dollars” in its special section below).

### **Best Execution:**

JPKA reviews trade execution and trading fees at each of our custodians, generally on an annual basis. Our Firm does not receive any portion of the trading fees.

### **Soft Dollar Benefits:**

Charles Schwab and Company, Inc. (hereinafter *Schwab*) and Fidelity Investments, Inc. (hereinafter *Fidelity*) are independent SEC-registered broker-dealers. Both companies offer services to independent advisors that include custody of client securities, trade execution, clearance and settlement of transactions. Our firm receives benefits from *Schwab* and *Fidelity* through our participation in their advisor programs, intended to help our firm manage and further develop our business enterprise. *Schwab* and *Fidelity* may make certain research and brokerage services available at no additional cost. Also, *Schwab* and *Fidelity* may discount or waive fees it would otherwise charge for some of these services, or pay all or a part of the fees of a third-party providing these services to our Firm. These support services from *Schwab* are generally available on an unsolicited basis (we don’t have to request them) and at no charge to our firm as long as our clients collectively maintain a total of at least \$10 million of their assets at *Schwab*; if our collective total is less than

\$10 million in assets, *Schwab* may charge us quarterly service fees of \$1,200. These support services are also generally available on an unsolicited basis from *Fidelity* and at no charge to our Firm as long as our clients collectively maintain a total of at least \$50 million of their assets at *Fidelity*; if our collective total is less than \$50 million in assets *Fidelity* may charge us quarterly service fees of \$2,500. In addition, *Schwab* and *Fidelity* customarily host conferences which offer continuing education and training, and which include the provision of meals and entertainment that are provided to employees of our Firm without charge. Our Firm may participate in similar programs with other custodians, although currently we do not. We have approximately 25 accounts with American Funds, where we custody our clients' Section 529 College Savings Plan accounts.

#### **Order Aggregation:**

Most of our trades are mutual funds or exchange-traded funds where trade aggregation does not garner significant client benefit.

### **Item 13: Review of Accounts or Financial Plans**

#### **Rebalancing Accounts - General:**

Account reviews are performed at least quarterly to learn whether accounts are in line with your investment objectives, and appropriately positioned based on market conditions and investment policies. More specifically, our financial advisors seek to determine if asset class values have deviated from fixed targets or target ranges, and for the purpose of meeting clients' cash flow needs. Even if one or more asset classes fall outside their target, we may determine not to rebalance for various reasons, including but not limited to:

1. Avoidance of short-term capital gains
2. Deferral of long-term capital gains
3. Minimization of transaction costs
4. Other reasons related to economic, business, cyclical, or market-related factors

In executing rebalancing actions, the advisor(s) will seek to rebalance one or more assets classes closer to the targets, but may not rebalance a specific asset class, segment, or security in light of tax considerations or the burden of transaction costs relative to the amount of the trade. Additionally, JPKA advisors may estimate the market close at any point during the day when trades are placed, and undertake trades on that basis. Since the markets may be quite volatile – and not predictable – this may cause our advisors to underestimate or overestimate the exact dollar amount needed to precisely effect a rebalancing action.

#### **Periodic Reviews:**

Account reviews are performed on a quarterly basis by one or more of the Firm's financial advisors and investment committee members: James P. King, CFP®, Scott N. Horton, CFP®, Justin W. Dodson, Olivia Moore-Jones, or Jessica L. Schafer, CFP®. Reviews are done more frequently when special circumstances dictate the need. Additional portfolio reviews are undertaken upon request by clients, such as when special cash needs arise; other special situations arise (e.g., marriage, divorce), or when significant additional cash or securities are added to the investment portfolio. Other conditions that may trigger a review are changes in a client's personal situation (e.g., illness, job layoff, and disability), changes in the income tax or estate tax laws, and new investment information.

#### **Regular Periodic Reports:**

Account reviewers are members of the Firm's Investment Committee. They are instructed to consider each client's current security positions and the likelihood that the performance of each security will contribute to the investment objectives of the client. *Investment Advisory Service* clients and *Retainer (Concierge Service)* clients receive written quarterly reports that include: *Quarterly Market Update and Outlook*: portfolio performance report(s); portfolio holdings report(s); and other portfolio updates (when applicable).

## Item 14: Client Referrals and Other Compensation

### **Incoming Referrals:**

We have been fortunate to receive many client referrals over the years from current clients, attorneys, accountants, employees, personal friends, relatives of employees, and other similar sources. The Firm doesn't compensate referring parties for these referrals, beyond thank-you gifts not to exceed \$100 in value.

### **Outgoing Referrals:**

JPKA may make referrals for clients to other professionals (e.g. CPA, mortgage broker, and attorney). We do not accept referral fees or any form of remuneration from other professionals for these referrals.

### **Other Compensation:**

J.P. King Advisors, Inc. does not receive any forms of compensation not previously disclosed in this section. In addition, as disclosed in Item 12 of this Brochure, we participate in the institutional advisor programs at *Schwab* and *Fidelity*, and we may recommend these custodians to clients for custody and brokerage services. There is no direct link between our Firm's participation in the *Schwab* and *Fidelity* programs and the investment advice we give to our clients; however, we do receive "soft-dollar" economic benefits through our participation in these programs that are not available to retail investors. These benefits include the following products and services, which are provided to our Firm without cost or at a discount:

1. Receipt of duplicate client account statements and trade confirmation
2. Research-related products and tools
3. Access to an institutional service team, and a trading desk serving our Firm's participants
4. Access to portfolio rebalancing software
5. The ability to have advisory fees deducted directly from client accounts
6. Access to an electronic communications network for order entry and account information
7. Access to mutual funds with no transaction fees, and to certain institutional money managers
8. Discounts on conferences, compliance, marketing, research, technology, and practice management products or services provided to us by third party vendors and consultants

Some of the services made available by *Schwab* and *Fidelity* through their advisor programs may benefit our Firm but may not directly benefit our clients' accounts. These products and/or services may assist us in managing and administering client accounts, including accounts not maintained at *Schwab* and *Fidelity*. Other services made available by *Schwab* and *Fidelity* are intended to help us manage and further develop our business enterprise. Such benefits received as a result of our participation in the investment advisor programs and *Schwab* and *Fidelity* do not depend on the amount of brokerage transactions directed to *Schwab* and *Fidelity*. As part of our overarching fiduciary duty to our clients, we always endeavor to put the interests of our clients first. Clients should be aware however, that the receipt of economic (soft dollar) benefits by our Firm from *Schwab* and *Fidelity* in and of itself creates a potential conflict of interest in that it may indirectly influence our Firm's recommendation of *Schwab* and/or *Fidelity* for custody and brokerage services.

## Item 15: Custody

Our Firm does NOT accept custody of client securities, and we cannot withdraw, transfer, or otherwise move funds or cash from any client account to our accounts or to the account of any third party. We are not granted access to our clients' accounts other than for fee deduction purposes, or to facilitate actions requested by and authorized by clients. This is for the safety and protection of our clients' assets. With written client consent, JPKA may be provided with the ability to electronically deduct our quarterly management fee from your accounts. As explained previously in Item 5, beginning on page 6, this process is generally more efficient for

you and for our Firm, and there may be tax benefits accruing when fees can be paid from certain types of accounts, depending on the client's personal situation.

#### **Account Statements and Performance Reports and Fee Statements:**

All our investment advisory clients receive account statements (generally monthly, but at least quarterly) at their address of record or via email directly from the qualified, third-party custodians that hold their assets. The custodian's independent account statements will always show the client's account balances, transaction history, and any fees taken out of the account. Delivery may be electronic, rather than by mail, if available from the custodian and so elected by the client. We encourage you to carefully review these account statements and compare them to the quarterly reports, fee statements, and any other related documents provided by our firm. This review will help assure you that all account transactions, including deductions for management fees, remain proper. We encourage you to contact us with questions or concerns about custody, safety, privacy, and security, and to notify us immediately if you find any discrepancy in their statements or reports.

### **Item 16: Investment Discretion**

JPKA accepts discretionary authority to manage securities accounts on your behalf, pursuant to an executed Investment Advisory Agreement or a Financial Planning Agreement. Each Investment Management Advisory client and each Financial Planning Client signs a limited power of attorney so that we may execute trades necessary to effectively manage securities on your behalf. Discretionary trading authority facilitates trading in your accounts so that we may promptly implement the investment strategy that you agreed to and approved in writing. JPKA has the authority to determine, without obtaining your specific consent, the securities to be bought or sold, the amount of the securities to be bought or sold, and the costs at which the transactions will be executed. However, limitations may be imposed in the form of specific constraints on any of these areas of discretion with our firm's acknowledgement. In these cases, we consult with you prior to each trade to obtain concurrence, when a blanket trading authorization has not been given. Even with clients who provide our firm with full investment discretion on their behalf, our policy is generally to send you an *Investment Bulletin* announcing changes or rebalancing that we plan, explaining our strategy and rationale, and providing all the required disclosure documents. We invite you to contact us with any questions, and to let us know within a specified period of time, if you do not agree to the changes proposed.

### **Item 17: Voting Client Securities**

J.P. King Advisors, Inc. does not accept the proxy authority to vote client securities. You will receive proxies or other solicitations directly from the custodian or a transfer agent, and you are expected to vote your own proxies. You may request assistance on voting proxies or other solicitations, and we will respond to questions and provide recommendations if requested. As always, if a conflict of interest exists, it will be disclosed.

### **Item 18: Financial Information**

J.P. King Advisors, Inc. is not required to provide financial information in this Brochure because our firm does not have any financial impairment, condition, or commitment that impairs our ability to meet our contractual and fiduciary commitments. We do not serve as a custodian for client funds or securities. We do not require prepayment of fees. And we have never been the subject of a bankruptcy proceeding.