



## **Jacobson & Schmitt Advisors, LLC**

### **Form ADV Part 2A – Disclosure Brochure**

**Effective: March 9, 2019**

This Form ADV 2A ("Disclosure Brochure") provides information about the qualifications and business practices of Jacobson & Schmitt Advisors, LLC ("JSA" or the "Advisor"). If you have any questions about the contents of this Disclosure Brochure, please contact us at (608) 662-7500.

JSA is a registered investment advisor with the U.S. Securities and Exchange Commission ("SEC"). The information in this Disclosure Brochure has not been approved or verified by the SEC or by any state securities authority. Registration of an investment advisor does not imply any specific level of skill or training. This Disclosure Brochure provides information through JSA to assist you in determining whether to retain the Advisor.

Additional information about JSA and its Advisory Persons is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with our firm name or our CRD# 140431.

**Jacobson & Schmitt Advisors, LLC**  
**8333 Greenway Blvd, Ste 330 Middleton WI 53562**  
**Phone: (608) 662-7500 \* Fax: (608) 662-7518**  
[www.jandsadvisors.com](http://www.jandsadvisors.com)

## Item 2 – Material Changes

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Form ADV 2 is divided into two parts: *Part 2A (the "Disclosure Brochure")* and *Part 2B (the "Brochure Supplement")*. The Disclosure Brochure provides information about a variety of topics relating to an Advisor's business practices and conflicts of interest. The Brochure Supplement provides information about Advisory Persons of JSA.

JSA believes that communication and transparency are the foundation of its relationship with Clients and will continually strive to provide its Clients with complete and accurate information at all times. JSA encourages all current and prospective Clients to read this Disclosure Brochure and discuss any questions you may have with us. And of course, we always welcome your feedback.

### Material Changes

There have been no material changes to this Disclosure Brochure since the last filing and distribution to Clients.

### Future Changes

From time to time, we may amend this Disclosure Brochure to reflect changes in our business practices, changes in regulations and routine annual updates as required by the securities regulators. This complete Disclosure Brochure or a Summary of Material Changes shall be provided to each Client annually and if a material change occurs in the business practices of JSA.

At any time, you may view the current Disclosure Brochure on-line at the SEC's Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with our firm name or our CRD# 140431. You may also request a copy of this Disclosure Brochure at any time, by contacting us at (608) 662-7500.

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## Item 4 – Advisory Services

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### A. Firm Information

Jacobson & Schmitt Advisors, LLC (“JSA” or the “Advisor”) is a registered investment advisor with the U.S. Securities and Exchange Commission (“SEC”), which is organized as a Limited Liability Company (“LLC”) under the laws of the State of Wisconsin. JSA was established in June 2006 and is owned and operated by Jason N. Schmitt (Principal and Chief Compliance Officer), Richard Vanden Boogard (Principal and Lead Advisor) and M. Allen Jacobson (Principal). This Disclosure Brochure provides information regarding the qualifications, business practices, and the advisory services provided by JSA.

### B. Advisory Services Offered and C. Client Account Management

JSA offers investment advisory services to individuals, high net worth individuals and pension and profit sharing plans (herein “Client”).

The Advisor serves as a fiduciary to Clients, as defined under the applicable laws and regulations. As a fiduciary, the Advisor upholds a duty of loyalty, fairness and good faith towards each Client and seeks to mitigate potential conflicts of interest. Our fiduciary commitment is further described in our Code of Ethics. For more information regarding our Code of Ethics, please see Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.

Philosophically, JSA believes a financial services firm should have responsibility at its core. Responsibility permeates our culture, from the advice we give our Clients, to our hands-on personal service, to investing in responsible companies that share our mentality.

The Advisor's approach consists of two areas of focus:

1. Responsibility to our Clients – JSA only advises Clients on investments that JSA trusts and believes in — so much that Supervised Persons of JSA often include the investments in their own personal portfolios. JSA firmly believes this is the only way to do business as a financial services firm, and that this commitment is one of the keys that make us different than other portfolio managers. Additionally, JSA believe there's no one-size-fits-all when it comes to financial planning and investing. JSA believes its best work by understanding your “big picture.” That's why JSA spends so much time up front getting to know your unique situation and desires, so JSA can deliver a customized plan that's designed specifically with your goals in mind.
2. Responsibility to the Community – As responsible asset managers, JSA invest in securities of companies that we expect to yield high returns while remaining committed to corporate social responsibility. This means JSA seeks out companies that are part of the solution rather than part of the problem – companies that engage in fair business practices from all standpoints: fair to shareholders, to employees and to the environment. In short, JSA invests in companies that both JSA and our Clients can be proud to own.

### Wealth Management Services

JSA's wealth management services consist of three areas of focus, purposeful planning, conscious investing, and thoughtful advice. Here's a brief summary of our areas of focus:

- Purposeful Planning – JSA understands that no two Clients are the same. That's why the Advisor works closely with each Client to create a customized financial plan that fits the Client's unique circumstances. What's more, Clients can take comfort in knowing that all our financial planning services are exclusively designed to help you achieve your financial goals, not sell you extra products. In this relationship, JSA act as the Client's personal CFO, helping coordinate finances with accountants and estate attorneys, as well as guiding Clients through the many steps of smart investing, such as financial planning preparation, portfolio management and analysis, saving for major life events, and retirement spending.

To better understand Client's goals and objectives, JSA conducts a full financial planning session, which generally includes these steps:

- Step 1: First, the Advisor will assess the Client's financial and personal assets.
  - Step 2: The Advisor gets to know more about the Client's lifestyle, event milestones, retirement plans, dreams and more.
  - Step 3: The Advisor will help Client's define retirement goals and understand what's achievable.
  - Step 4: The Advisor will implement a strategy that matches the Client's goals, assets, tax situation, trade-offs, and personality.
  - Step 5: The Advisor will consistently monitor household portfolio to ensure it meets the Client's objectives.
  - Step 6: JSA continually remains available if the Client's needs should change.
- Conscious Investing – Our investment advice is generally limited to stocks, bonds (including municipal bonds), exchange-traded funds (herein “ETFs”), mutual funds, alternatives, and 529 College Plans. Investing that supports your goals and values. The vast majority of Clients invest in the Advisor's individual security portfolios. These portfolios typically include 20 to 30 stocks of companies and an allocation to bonds for stability. As a rule, JSA invests in companies that have a high potential for returns but also practice corporate social responsibility, so Clients can be proud of the assets that are owned. JSA believes in the investments recommended to Clients and therefore, our Supervised Persons typically own the same investment in their own personal portfolios.

With this commitment to responsible and like-minded investing, Clients gain satisfaction in knowing that investments are supporting companies with a conscience – and that JSA always has your best interests at heart. Nonetheless, JSA understands that this strategy does not necessarily work for every Client. In these cases, the Client may opt to use a low-cost fund portfolio rather than the Advisor's individual security portfolios.

Once JSA has locked down the Client's investment strategy, Clients enjoy the following benefits:

- Every quarter, Clients are sent investment performance reports, security values, and our investment commentary.
  - JSA will discuss tax-related items such as capital gains, account structure, and more.
  - JSA is available when adjustments are necessary.
  - JSA helps Clients monitor other accounts, even if they aren't managed by JSA, so Clients can ascertain whether all assets are working toward the Client's goals.
  - Clients have access to their portal page where accounts may be reviewed, quarterly JSA statements are stored, commentary, and a summary of your financial plan.
- Thoughtful Advice – The Advisor gets to know its Clients on a deep level, so that the advice given is always personalized and tailored to the Client's goals and dreams.

For over 20 years, JSA's management team has worked hard to deliver thoughtful financial advice that gives individuals and small entities the same investment advantages that larger investors enjoy. But the biggest difference lies in JSA's values and culture.

JSA Supervised Persons are often asked, “Why should we work with you?” The response is that Clients get so much more than just investment advice. JSA has built an organization around the idea that there is a deep responsibility to Clients. The Advisor thinks like investors, not sales people, which means JSA won't try to sell you unnecessary products or get more business that doesn't serve the Client's needs. Instead, the Advisor is laser-focused on successful outcomes and, hopefully, a little bit more. It's the “more” that drives JSA.

### Financial Planning Services

JSA also offers comprehensive financial planning services on an ongoing basis. As with the “Purposeful Planning” component of the Advisor's wealth management services, Clients can take comfort in knowing that all our financial planning services are exclusively designed to help you achieve your financial goals, not sell you extra products. In this relationship, JSA will act as the Client's personal CFO, helping coordinate finances with accountants and estate attorneys, as well as guiding Clients through financial planning preparation, asset allocation and analysis, saving for major life events, and retirement spending.

To better understand Client's goals and objectives, JSA conducts a full financial planning session, which includes:

- Step 1: assessing the Client's financial and personal assets.
- Step 2: getting to know more about the Client's lifestyle, event milestones, retirement plans, dreams and more.
- Step 3: helping Client's define retirement goals and understand what's achievable.
- Step 4: implementing a strategy that matches the Client's goals, assets, tax situation, trade-offs, and personality.
- Step 5: monitoring the household portfolio to ensure it meets the Client's objectives and being available for questions as the Client's needs change.

#### Retirement Plan Advisory Services

JSA provides investment management services to plan sponsors of 401(k), profit sharing and retirement plans (each the "Plan"), subject to the Employee Retirement Income Security Act of 1974. JSA creates and recommends a range of asset allocation models, each consisting of a diversified mix of asset classes for the Plan. In addition, we recommend the underlying asset classes for the models and recommend at least one investment security for each underlying asset class. Usually, these securities consist of ETFs and mutual funds. We do not sponsor, nor are we affiliated with, any of the underlying investments in the Plan.

JSA will provide the Plan (or an authorized delegate thereof) with:

- a) A statement of investment policy according to which JSA will provide investment management services.
- b) JSA will perform the following investment management services, consistent with the JSA Investment Policy Statement ("IPS"), with respect to the Plan assets:
  - i. JSA will review the investment options available through the Plan and will notify the Plan's record-keeper as to Firm's instructions to add, remove, and/or replace specific "core" investment options to be offered to the Plan's participants that meet the criteria set forth in the Firm's IPS.
  - ii. JSA will monitor the core investment options and, on a regular basis, provide instructions to the Plan's record-keeper to remove and/or replace investments that no longer meet the Firm's IPS criteria. JSA will retain final decision-making authority with respect to removing and/or replacing investments in the core lineup and, except as may be described in this Agreement, the Plan will not have the responsibility to communicate instructions to any third-party, including the Plan's record-keeper, custodian and/or third-party administrator.
- c) If the due diligence methodology described in the Firm's IPS changes, such changes shall be stated in the Annual Monitoring Report. Upon written request, the Plan may obtain a copy of the most recent IPS methodology used by JSA.

JSA provides 3(38) discretionary investment advisory services on behalf of the Plan and Plan Sponsor. The Advisor shall have the discretion to select the investments for the Plan and/or make investment decisions on behalf of Plan Participants.

#### Sentimental Holdings

On a case-by-case basis, JSA may provide Clients with assistance in executing trades in order to aid Clients in self-management of their accounts. JSA is providing this service without a fee. However, the Client is still liable to pay all fees associated with the Custodian and any transactions in-regards to the trades and account maintenance.

#### **D. Wrap Fee Programs**

JSA does not manage or place Client assets into a wrap fee program. Wealth management services are provided directly by JSA.

#### **E. Assets Under Management**

As of December 31, 2018, the Advisor manages \$188,536,710 in Client assets<sup>1</sup>, all of which are on a discretionary basis. Clients may request more current information at any time by contacting the Advisor.

<sup>1</sup> In addition, as of December 31, 2018, JSA aids Clients in self-management of \$1,840,534 in assets as part of the "Sentimental Holdings" as noted under Item 4B.

## **Item 5 – Fees and Compensation**

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The following paragraphs detail the fee structure and compensation methodology for services provided by the Advisor. Each Client shall enter into one or more written agreements with the Advisor that detail the responsibilities of JSA and the Client.

### **A. Fees for Advisory Services**

Fees for advisory services are paid quarterly, in advance of each calendar quarter, pursuant to the terms of the respective agreements.

#### Wealth Management Services

Wealth management fees are based on the market value of assets under management at the end of the prior calendar quarter. Wealth management fees are based on the following schedule below, subject to the minimum annual fee as described in Item 7 – Types of Clients:

Assets Under Management	Annual Rate
Up to \$500,000	1.25%
\$500,001 to \$1,000,000	1.00%
\$1,000,001 to \$5,000,000	0.75%
Over \$5,000,000	0.50%

The wealth management fee in the first quarter of service is prorated from the inception date of the account[s] to the end of the first quarter. Fees may be negotiable at the sole discretion of the Advisor. The Client's fees will take into consideration the aggregate assets under management with the Advisor. All securities held in accounts managed by JSA will be independently valued by the Custodian. JSA will not have the authority or responsibility to value portfolio securities.

The Advisor's fee is exclusive of, and in addition to, brokerage fees, transaction fees, and other related costs and expenses, which may be incurred by the Client. However, the Advisor shall not receive any portion of these commissions, fees, and costs.

#### Financial Planning Services

JSA offers financial planning and consulting services for an annual financial planning fee ranging from \$5,000 up to \$50,000. The fee is typically calculated by the Advisor as 0.50% of the Client's Net Worth excluding the primary residence PLUS 1.00% of their earned income. Once calculated, the fee is adjusted up or down for the complexity of the Client's financial situation and the overall relationship with the Advisor. Fees may be negotiable at the sole discretion of the Advisor.

#### Retirement Plan Advisory Services

Fees are calculated as a percentage of assets under management ranging from 0.25% to 1.10% per year, based on the market value of assets in the plan on the last day of the prior calendar quarter. Fees are negotiable based on the size and complexity of the services provided to the Plan.

### **B. Fee Billing**

#### Wealth Management Services

Wealth management fees will be calculated by the Advisor or its delegate and deducted from the Client's account[s] at the Custodian. The Advisor or its delegate shall send an invoice to the Custodian indicating the amount of the fees to be deducted from the Client's account[s] at the respective quarter-end date. The amount due is calculated by applying the quarterly rate (annual rate divided by 4) to the total assets under management with JSA at the end of the prior quarter. Clients will be provided with a statement, at least quarterly, from the Custodian reflecting deduction of the investment advisory fee. It is the responsibility of the Client to verify the accuracy of these fees as listed on the



Custodian's brokerage statement as the Custodian does not assume this responsibility. Clients provide written authorization permitting advisory fees to be deducted by JSA directly from their accounts held by the Custodian as part of the wealth management agreement and separate account forms provided by the Custodian.

#### Financial Planning Services

Financial planning fees are billed quarterly in advance of providing services. The quarterly fee is calculated by dividing the annual fee by four (4).

#### Retirement Plan Advisory Services

Fees may be deducted from the accounts of the Plan Participants or paid by the Plan Sponsor.

### **C. Other Fees and Expenses**

Clients may incur certain fees or charges imposed by third parties, other than JSA, in connection with investments made on behalf of the Client's account[s]. The Client is responsible for all custody and securities execution fees charged by the Custodian. The wealth management fee charged by JSA is separate and distinct from these custody and execution fees.

In addition, all fees paid to JSA for investment advisory services are separate and distinct from the expenses charged by mutual funds and ETFs to their shareholders, if applicable. These fees and expenses are described in each fund's prospectus. These fees and expenses will generally be used to pay management fees for the funds, other fund expenses, account administration (e.g., custody, brokerage and account reporting), and a possible distribution fee. A Client may be able to invest in these products directly, without the services of JSA, but would not receive the services provided by JSA which are designed, among other things, to assist the Client in determining which products or services are most appropriate for each Client's financial situation and objectives. Accordingly, the Client should review both the fees charged by the fund[s] and the fees charged by JSA to fully understand the total fees to be paid. Please refer to Item 12 – Brokerage Practices for additional information.

### **D. Advance Payment of Fees and Termination**

#### Wealth Management, Financial Planning and Retirement Plan Advisory Services

JSA is compensated for its advisory services in advance of the quarter in which services are rendered. Either party may terminate the respective advisory agreement with JSA, at any time, by providing advance written notice to the other party. The Client may also terminate the respective advisory agreement within five (5) business days of signing the Advisor's agreement at no cost to the Client. After the five-day period, the Client will incur charges for bona fide advisory services rendered to the point of termination and such fees will be due and payable by the Client. Upon termination, the Advisor will refund any unearned, prepaid advisory fees from the effective date of termination to the end of the quarter. The Client's respective advisory agreement with the Advisor is non-transferable without the Client's prior consent.

### **E. Compensation for Sales of Securities**

JSA does not buy or sell securities and does not receive any compensation for securities transactions in any Client account, other than the investment advisory fees noted above.

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

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JSA does not charge performance-based fees for its investment advisory services. The fees charged by JSA are as described in Item 5 above and are not based upon the capital appreciation of the funds or securities held by any Client.

JSA does not manage any proprietary investment funds or limited partnerships (for example, a mutual fund or a hedge fund) and has no financial incentive to recommend any particular investment options to its Clients.

### **Item 7 – Types of Clients**

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JSA provides investment advisory services to individuals, high net worth individuals and retirement plans. The amount of each type of Client is available on the Advisor's Form ADV Part 1A. These amounts may change over



time and are updated at least annually by the Advisor. JSA generally requires a minimum relationship size of \$25,000 and a minimum annual fee of \$1,000. The Advisor may, at its sole discretion, accept relationships of a lower value or charge a lower annual fee.

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

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### **A. Methods of Analysis**

JSA primarily manages a global, all-cap equity model portfolio coupled with bonds. The equity holdings (stocks) are diversified across industries, market capitalizations, and countries. To aid in determining the asset allocation process (mix between stocks and bonds) in a Client's portfolio we typically employ financial simulation software, emphasizing a long-term approach to allocation. With a long-term allocation in mind, no attempts are made to avoid short-term market fluctuations.

Our security selection process uses a fundamental analysis approach and generally seeks to buy what we deem to be high-quality franchises at prices we believe can deliver strong return potential. In some cases we utilize funds (ETF's, mutual funds, or alternatives) to invest in a specific asset class, group, index, style, or country. These types of investments are also based on fundamental analysis, but weighed against any additional costs that may be involved (such as, but not limited to, a fund's "expense ratio").

To assist in our investment process, we gather data from company press releases, annual reports, proxies, presentations, and subscriptions to research, financial software, publications, and more. We also frequently conduct interviews with company representatives or speak with competitors, suppliers, etc. The information used in this process can change rapidly and varies greatly depending on each situation.

Following the data collection process our investment selection may include the following steps:

- Investigate a company's prospects based on its potential competitive advantages
- Understand whether the company's industry is supportive of its potential
- Spend significant amounts of effort trying to pre-determine what could go wrong
- Steer clear of companies that we deem to be on the wrong side of social or ethical issues
- Understand management incentives and track record of value creation
- Value the business and understand expectations for the company

As noted above, JSA generally employs a long-term investment strategy for its Clients, consistent with their financial goals. JSA will typically hold all or a portion of a security for more than a year but may hold for shorter periods for the purpose of rebalancing a portfolio or meeting the cash needs of Clients. At times, JSA may also buy and sell positions that are more short-term in nature, depending on the goals of the Client and/or the fundamentals of the security, sector or asset class.

### **B. Risk of Loss**

Investing in securities involves certain investment risks. Securities may fluctuate in value or lose value. Clients should be prepared to bear the potential risk of loss. JSA will assist Clients in determining an appropriate strategy based on their tolerance for risk and other factors noted above. However, there is no guarantee that a Client will meet their investment goals.

Fundamental analysis utilizes economic and business indicators as investment selection criteria. These criteria are generally ratios and trends that may indicate the overall strength and financial viability of the entity being analyzed. Assets are deemed suitable if they meet certain criteria to indicate that they are a strong investment with a value discounted by the market. While this type of analysis helps the Advisor in evaluating a potential investment, it does not guarantee that the investment will increase in value.

Assets meeting the investment criteria utilized in the fundamental analysis may lose value and may have negative investment performance. The Advisor monitors these economic indicators to determine if adjustments to strategic allocations are appropriate. More details on the Advisor's review process are included below in Item 13 – Review of Accounts.

Each Client engagement will entail a review of the Client's investment goals, financial situation, time horizon, tolerance for risk and other factors to develop an appropriate strategy for managing a Client's account. Client participation in this process, including full and accurate disclosure of requested information, is essential for the analysis of a Client's account[s]. The Advisor shall rely on the financial and other information provided by the Client or their designees without the duty or obligation to validate the accuracy and completeness of the provided information. It is the responsibility of the Client to inform the Advisor of any changes in financial condition, goals or other factors that may affect this analysis.

The risks associated with a particular strategy are provided to each Client in advance of investing Client account[s]. The Advisor will work with each Client to determine their tolerance for risk as part of the portfolio construction process. Following are some of the risks associated with the Advisor's strategies:

#### Market Risks

The value of a Client's holdings may fluctuate in response to events specific to companies or markets, as well as economic, political, or social events in the U.S. and abroad. This risk is linked to the performance of the overall financial markets.

#### ETF Risks

The performance of ETFs is subject to market risk, including the possible loss of principal. The price of the ETFs will fluctuate with the price of the underlying securities that make up the funds. In addition, ETFs have a trading risk based on the loss of cost efficiency if the ETFs are traded actively and a liquidity risk if the ETFs has a large bid-ask spread and low trading volume. The price of an ETF fluctuates based upon the market movements and may dissociate from the index being tracked by the ETF or the price of the underlying investments. An ETF purchased or sold at one point in the day may have a different price than the same ETF purchased or sold a short time later.

#### Mutual Fund Risks

The performance of mutual funds is subject to market risk, including the possible loss of principal. The price of the mutual funds will fluctuate with the value of the underlying securities that make up the funds. The price of a mutual fund is typically set daily therefore a mutual fund purchased at one point in the day will typically have the same price as a mutual fund purchased later that same day.

#### Alternative Investments (Limited Partnerships)

The performance of alternative investments (limited partnerships) can be volatile and may have limited liquidity. An investor could lose all or a portion of their investment. Such investments often have concentrated positions and investments that may carry higher risks. Client should only have a portion of their assets in these investments.

**Past performance is not a guarantee of future returns. Investing in securities and other investments involve a risk of loss that each Client should understand and be willing to bear. Clients are reminded to discuss these risks with the Advisor. For more information on our wealth management services, please contact us at (608) 662-7500.**

### **Item 9 – Disciplinary Information**

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**There are no legal, regulatory or disciplinary events involving JSA or any of its Supervised Persons.** JSA values the trust you place in us. As we advise all Clients, we encourage you to perform the requisite due diligence on any advisor or service provider with whom you partner. Our backgrounds are available on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with our firm name or our CRD# 140431.

### **Item 10 – Other Financial Industry Activities and Affiliations**

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JSA does not maintain any affiliations with other firms, other than contracted service providers to assist with the servicing of its Client's accounts.

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

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### **A. Code of Ethics**

JSA has implemented a Code of Ethics (the “Code”) that defines our fiduciary commitment to each Client. This Code applies to all persons associated with JSA (our “Supervised Persons”). The Code was developed to provide general ethical guidelines and specific instructions regarding our duties to you, our Client. JSA and its Supervised Persons owe a duty of loyalty, fairness and good faith towards each Client. It is the obligation of JSA associates to adhere not only to the specific provisions of the Code, but also to the general principles that guide the Code. The Code covers a range of topics that address employee ethics and conflicts of interest. To request a copy of our Code, please contact us at (608) 662-7500.

### **B. Personal Trading with Material Interest**

JSA allows our Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. JSA does not act as principal in any transactions. In addition, the Advisor does not act as the general partner of a fund or advise an investment company. JSA does not have a material interest in any securities traded in Client accounts.

### **C. Personal Trading in Same Securities as Clients**

The Principals of JSA usually purchase and sell the same equity securities they recommend to their Clients because they believe this helps align their self-interest with their Clients. However, owning the same securities that JSA recommends (purchase or sell) to Clients presents a potential conflict of interest that, as fiduciaries, JSA must disclose to Clients and mitigate through policies and procedures. When trading for personal accounts, Supervised Persons of JSA may have a conflict of interest if trading in the same securities. The fiduciary duty to act in the best interest of its Clients can potentially be violated if personal trades are made with more advantageous terms than Client trades, or by trading based on material non-public information. This risk is mitigated by JSA requiring reporting of personal securities trades by its Supervised Persons for review by the employee’s supervisor or the CCO. JSA has also adopted written policies and procedures to detect the misuse of material, non-public information.

### **D. Personal Trading at Same Time as Client**

While JSA allows our Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients, such trades are typically traded after Client trades in the same security are allocated. **At no time will JSA, or any Supervised Person of JSA, transact in any security to the detriment of any Client.**

## **Item 12 – Brokerage Practices**

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### **A. Recommendation of Custodian[s]**

JSA does not have discretionary authority to select the broker-dealer/custodian for custody and execution services. The Client will engage the broker-dealer/custodian (herein the “Custodian”) to safeguard Client assets and authorize JSA to direct trades to the Custodian as agreed upon in the wealth management agreement. Further, JSA does not have the discretionary authority to negotiate commissions on behalf of our Clients on a trade-by-trade basis.

Where JSA does not exercise discretion over the selection of the Custodian, it may recommend the Custodian to Clients for custody and execution services. Clients are not obligated to use the Custodian recommended by the Advisor and will not incur any extra fee or cost associated with using a broker-dealer/custodian not recommended by JSA. However, the Advisor may be limited in the services it can provide if the recommended Custodian is not utilized. Where JSA does not exercise discretion over the selection of the Custodian, it may recommend the Custodian[s] to Clients for execution and/or custody services. JSA may recommend the Custodian based on criteria such as, but not limited to, reasonableness of commissions charged to the Client, services made available to the Client, its reputation, and/or the location of the Custodian’s offices. JSA will generally recommend that Clients establish their account[s] at Fidelity Clearing & Custody Solutions and related entities of Fidelity Investments, Inc. (collectively “Fidelity”), an unaffiliated SEC-registered broker-dealer and FINRA member, where the Advisor maintains an institutional relationship.. Please see Item 14 below.

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Jacobson & Schmitt Advisors, LLC  
8333 Greenway Blvd, Ste 330 Middleton WI 53562  
Phone: (608) 662-7500 \* Fax: (608) 662-7518  
[www.jandsadvisors.com](http://www.jandsadvisors.com)

JSA has also entered into an executing brokerage relationship with Bernardi Securities Inc., Robert W. Baird & Co. Incorporated, and Piper Jaffray & Co. (collectively "Executing Brokers"). The Executing Brokers make available to JSA a large inventory of municipal bonds typically issued by Midwestern cities. JSA will occasionally purchase/sell bonds from the Executing Brokers and request they be delivered to Fidelity, for the benefit of JSA's Clients.

#### Retirement Plan Advisory Services

JSA generally recommends Alerus Financial N.A. ("Alerus") to provide custody and brokerage services for the Client's ERISA Plan. Thus, JSA will not evaluate the costs and services of other broker-dealers/custodians. Alerus was selected for its financial strength, low transaction charges, and online financial tools available to our Clients. Transaction processing, custody, and reporting services will normally be handled by Alerus, with all transaction fees/custodian fees being passed directly through to the Client. JSA believes that Alerus is competitive in obtaining best execution and prices when processing transaction orders, but there can be no assurance that Alerus will process orders in a manner, which in best execution is every instance. Best execution is tested quarterly by JSA to ensure Alerus is providing Clients with the most favorable overall terms reasonably available at that time.

Following are additional details regarding the brokerage practices of the Advisor:

**1. Soft Dollars** - Soft dollars are revenue programs offered by broker-dealers/custodians whereby an advisor enters into an agreement to place security trades with a broker-dealer/custodian in exchange for research and other services. JSA does not participate in soft dollar programs sponsored or offered by any broker-dealer/custodian. However, JSA does receive certain economic benefit from Fidelity as described in Item 14 below.

**2. Brokerage Referrals** - JSA does not receive any compensation from any third-party in connection with the recommendation for establishing an account.

**3. Directed Brokerage** - All Clients are serviced on a "directed brokerage basis", where JSA will place trades within the established account[s] at the Custodian designated by the Client. Further, all Client accounts are traded within their respective account[s] at the Custodian. The Advisor will not engage in any principal transactions (i.e., trade of any security from or to the Advisor's own account). JSA will not be obligated to select competitive bids on securities transactions and does not have an obligation to seek the lowest available transaction costs. These costs are determined by the Custodian.

#### **B. Aggregating and Allocating Trades**

The primary objective in placing orders for the purchase and sale of securities for Client accounts is to obtain the most favorable net results taking into account such factors as 1) price, 2) size of order, 3) difficulty of execution, 4) confidentiality and 5) skill required of the Custodian. JSA will execute its transactions through the Custodian as authorized by the Client. JSA may aggregate orders in a block trade or trades when securities are purchased or sold through the Custodian for multiple (discretionary) accounts. If a block trade cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated in a manner that is consistent with the initial pre-allocation or other written statement. This must be done in a way that does not consistently advantage or disadvantage particular Client accounts.

### **Item 13 – Review of Accounts**

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#### **A. Frequency of Reviews**

Securities are monitored on a regular and continuous basis by Mr. Schmitt, Chief Compliance Officer of JSA, and Mr. Vanden Boogard, Chief Investment Officer of JSA. Formal reviews are generally conducted at least annually or more frequently depending on the needs of the Client.

## **B. Causes for Reviews**

In addition to the investment monitoring noted in Item 13.A. above, each Client account shall be reviewed at least annually. Reviews may be conducted more frequently at the Client's request. Accounts may be reviewed as a result of major changes in economic conditions, known changes in the Client's financial situation, and/or large deposits or withdrawals in the Client's account[s]. The Client is encouraged to notify JSA if changes occur in the Client's personal financial situation that might adversely affect the Client's investment plan. Additional reviews may be triggered by material market, economic or political events.

## **C. Review Reports**

The Client will receive brokerage statements no less than quarterly from the Custodian. These brokerage statements are sent directly from the Custodian to the Client. The Client may also establish electronic access to the Custodian's website so that the Client may view these reports and their account activity. Client brokerage statements will include all positions, transactions and fees relating to the Client's account[s]. The Advisor may also provide Clients with periodic reports regarding their holdings, allocations, and performance.

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

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### **A. Compensation Received by JSA for Making Referrals**

#### Participation in Institutional Advisor Platform - Fidelity

JSA has established an institutional relationship with Fidelity to assist the Advisor in managing Client account[s]. Access to the Fidelity Institutional platform is provided at no charge to the Advisor. The Advisor receives access to software and related support without cost because the Advisor renders wealth management services to Clients that maintain assets at Fidelity. The software and related systems support may benefit the Advisor, but not its Clients directly. In fulfilling its duties to its Clients, the Advisor endeavors at all times to put the interests of its Clients first. Clients should be aware, however, that the receipt of economic benefits from the Custodian creates a potential conflict of interest since these benefits may influence the Advisor's recommendation of this custodian over one that does not furnish similar software, systems support, or services.

Additionally, the Advisor may receive the following benefits from Fidelity: receipt of duplicate Client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its institutional participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to Client accounts; and access to an electronic communication network for Client order entry and account information.

#### Participation in Institutional Advisor Platform - Alerus

JSA has also established an institutional relationship with Alerus Financial N.A. ("Alerus") to assist the Advisor in managing Client account[s]. Access to the Alerus platform is provided at no charge to the Advisor. Alerus was selected for its financial strength, low transaction charges, and online financial tools available to our Clients. Transaction processing, custodial, and reporting services will normally be handled by Alerus, with all transaction fees/custodian fees being passed directly through to the Client. JSA believes that Alerus is competitive in obtaining best execution and prices when processing transaction orders, but there can be no assurance that Alerus will process orders in a manner which results in best execution in every instance. Best execution is tested quarterly by JSA to ensure Alerus is providing our clients with the most favorable overall terms reasonably available at the time.

### **B. Client Referrals from Solicitors**

JSA may engage and compensate unaffiliated third parties and affiliated persons as referral sources (a "Solicitor") for Client referrals. Clients will not pay a higher fee to JSA as a result of such payments to a Solicitor. The Advisor shall enter into an agreement with the Solicitor, which requires that the solicitor provide full disclosure of the compensation and other conflicts to the prospective Client.

## **Item 15 – Custody**

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JSA does not accept or maintain custody of any Client accounts, except for the authorized deduction of the advisor's fee. All Clients must place their assets with a "qualified custodian". Clients are required to engage the Custodian to retain their funds and securities and direct JSA to utilize the Custodian for the Client's security

transactions. JSA encourages Clients to review statements provided by the Custodian. For more information about custodians and brokerage practices, see Item 12 - Brokerage Practices.

If the Client gives the Advisor authority to move money from one account to another account, the Advisor may have custody of those assets. In order to avoid additional regulatory requirements in these cases, the Custodian and the Advisor have adopted safeguards to ensure that the money movements are completed in accordance with the Client's instructions.

### **Item 16 – Investment Discretion**

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JSA generally has discretion over the selection and amount of securities to be bought or sold in Client accounts without obtaining prior consent or approval from the Client. However, these purchases or sales may be subject to specified investment objectives, guidelines, or limitations previously set forth by the Client and agreed to by JSA. Discretionary authority will only be authorized upon full disclosure to the Client. The granting of such authority will be evidenced by the Client's execution of a wealth management agreement containing all applicable limitations to such authority. All discretionary trades made by JSA will be in accordance with each Client's investment objectives and goals.

### **Item 17 – Voting Client Securities**

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JSA does not accept proxy-voting responsibility for any Client. Clients will receive proxy statements directly from the Custodian. The Advisor will assist in answering questions relating to proxies, however, the Client retains the sole responsibility for proxy decisions and voting.

### **Item 18 – Financial Information**

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Neither JSA, nor its Supervised Persons have any adverse financial situations that would reasonably impair the ability of JSA to meet all obligations to its Clients. Neither JSA, nor any of its Advisory Persons have been subject to a bankruptcy or financial compromise. JSA is not required to deliver a balance sheet along with this Disclosure Brochure as the Advisor does not collect fees of \$1,200 or more for services to be performed six months or more in advance.



## Privacy Policy

Effective: March 9, 2019

### Our Commitment to You

Jacobson & Schmitt Advisors, LLC ("JSA" or the "Advisor") is committed to safeguarding the use of personal information of our Client's (also referred to as "you" and "your") that we obtain as your Investment Advisor, as described here in our Privacy Policy ("Policy").

Our relationship with you is our most important asset. We understand that you have entrusted us with your private information, and we do everything that we can to maintain that trust. JSA (also referred to as "we", "our" and "us") protects the security and confidentiality of the personal information we have and implements controls to ensure that such information is used for proper business purposes in connection with the management or servicing of our relationship with you.

JSA does not sell your non-public personal information to anyone. Nor do we provide such information to others except for discrete and reasonable business purposes in connection with the servicing and management of our relationship with you, as discussed below.

Details of our approach to privacy and how your personal non-public information is collected and used are set forth in this Policy.

### Why you need to know?

Registered Investment Advisors ("RIAs") must share some of your personal information in the course of servicing your account. Federal and State laws give you the right to limit some of this sharing and require RIAs to disclose how we collect, share, and protect your personal information.

### What information do we collect from you?

Social security or taxpayer identification number	Assets and liabilities
Name, address and phone number[s]	Income and expenses
E-mail address[es]	Investment activity
Account information (including other institutions)	Investment experience and goals

### What Information do we collect from other sources?

Custody, brokerage and advisory agreements	Account applications and forms
Other advisory agreements and legal documents	Investment questionnaires and suitability documents
Transactional information with us or others	Other information needed to service account

### How do we protect your information?

To safeguard your personal information from unauthorized access and use we maintain physical, procedural and electronic security measures. These include such safeguards as secure passwords, encrypted file storage and a secure office environment. Our technology vendors provide security and access control over personal information and have policies over the transmission of data. Our associates are trained on their responsibilities to protect Client's personal information.

We require third parties that assist in providing our services to you to protect the personal information they receive from us.



### How do we share your information?

An RIA shares Client personal information to effectively implement its services. In the section below, we list some reasons we may share your personal information.

Basis For Sharing	Do we share?	Can you limit?
<b>Servicing our Clients</b> We may share non-public personal information with non-affiliated third parties (such as administrators, brokers, custodians, regulators, credit agencies, other financial institutions) as necessary for us to provide agreed upon services to you, consistent with applicable law, including but not limited to: processing transactions; general account maintenance; responding to regulators or legal investigations; and credit reporting.	Yes	No
<b>Marketing Purposes</b> JSA does not disclose, and does not intend to disclose, personal information with non-affiliated third parties to offer you services. Certain laws may give us the right to share your personal information with financial institutions where you are a customer and where JSA or the Client has a formal agreement with the financial institution. <b>We will only share information for purposes of servicing your accounts, not for marketing purposes.</b>	No	Not Shared
<b>Authorized Users</b> Your non-public personal information may be disclosed to you and persons that we believe to be your authorized agent[s] or representative[s].	Yes	Yes
<b>Information About Former Clients</b> JSA does not disclose and does not intend to disclose, non-public personal information to non-affiliated third parties with respect to persons who are no longer our Clients.	No	Not Shared

### Changes to our Privacy Policy

We will send you a copy of this Policy annually for as long as you maintain an ongoing relationship with us.

Periodically we may revise this Policy and will provide you with a revised policy if the changes materially alter the previous Privacy Policy. We will not, however, revise our Privacy Policy to permit the sharing of non-public personal information other than as described in this notice unless we first notify you and provide you with an opportunity to prevent the information sharing.

### Any Questions?

You may ask questions or voice any concerns, as well as obtain a copy of our current Privacy Policy by contacting us at (608) 662-7500.