

**CJM Wealth Advisers, Ltd.**  
SEC File Number: 801-14391

**ADV Part 2A, Appendix 1**  
**Wrap Fee Program Brochure**  
**Dated: February 26, 2024**

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This Wrap Fee Program Brochure provides information about the qualifications and business practices of CJM Wealth Advisers, Ltd. If you have any questions about the contents of this Wrap Fee Program Brochure, please contact us at (703) 425-0700 or [bakert@cjmltd.com](mailto:bakert@cjmltd.com). The information in this Wrap Fee Program Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about CJM Wealth Advisers, Ltd. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

References herein to as CJM Wealth Advisers, Ltd. a "registered investment adviser" or any reference to being "registered" does not imply a certain level of skill or training.

## **Item 2           Material Changes**

This Brochure has not been materially amended since the firm last filed its annual updating amendment on March 16, 2023.

**CJM Wealth Advisers, Ltd.’s Chief Compliance Officer, Tracey A. Baker, CFP®, remains available to address any questions that a client or prospective client has about this Program Brochure.**

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## Item 4 Services, Fees and Compensation

A.

### CJM ASSET MANAGEMENT WRAP PROGRAM

**Program Overview:** CJM Wealth Advisers, Ltd. (the “Registrant”) is the sponsor and investment manager of the CJM Asset Management Wrap Program (hereinafter the “Program”). Under the Program, the Registrant is able to offer participants discretionary and non-discretionary investment management services, for a single specified annual Program fee, inclusive of trade execution, custody, reporting, and investment management fees. The current annual Program fee is generally 1.00% but may be reduced in the sole discretion of Registrant.

Pershing, LLC (“Pershing”) shall serve as the custodian for Program accounts.

**Program Fees:** Clients will be charged in advance at the beginning of each calendar quarter based upon the value (market value or fair market value in the absence of market value, plus any credit balance or minus any debit balance), of the client's account at the end of the previous quarter. For accounts opened during the quarter and for deposits or withdrawals in amounts of \$200,000 or more, fees are prorated and clients will pay the additional amount or receive a credit in the following quarter.

The fee charged is calculated as described above and is not charged on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client, pursuant to Section 205(a)(1) of the Investment Advisers Act of 1940, as amended (hereinafter the “Act”).

Participation in the Program may cost more or less than purchasing the Program’s services separately from another investment adviser. The Program fee charged by Registrant for participation in the Program may be higher or lower than those charged by other sponsors of comparable wrap fee programs

The transaction fees and commissions incurred in client’s accounts are paid by the Registrant to Pershing. Therefore, the Registrant has an economic incentive to minimize the number of trades in the client’s account. This arrangement creates a conflict of interest. In addition, Registrant may invest client assets through the Program in various mutual funds available through the “Pershing Advisor Source” (“PAS”) platform. Through PAS, Registrant may acquire certain mutual funds with no transaction fees (“NTF Funds”); however, other mutual funds can only be acquired if Registrant pays a \$10 transaction fee (“TF Funds”). This creates a conflict of interest because Registrant has an economic incentive under the Program to acquire NTF Funds over TF Funds because it is paying transaction costs. The Registrant maintains a list of mutual funds that it uses to build client portfolios, and as of February 17, 2021, less than one third of the funds on this list are NTF Funds. These funds are widely used in creating client portfolios, and a client’s portfolio can be up to 100% NTF Funds. To help mitigate this conflict of interest, clients may, at any time restrict Registrant’s use of NTF Funds, in writing. Registrant will provide a list of available NTF Funds and related information upon request. The Registrant’s Chief Compliance Officer, Tracey A. Baker, CFP®, remains available to address any questions that a client or prospective client may have regarding these conflicts of interest.

**Use of No Transaction Fee (“NTF”) Funds.** The purchase or sale of transaction-fee (“TF”) funds available for investment through the Registrant will result in the assessment of transaction charges to you, your Advisor, or the Registrant. Although no-transaction-fee (“NTF”) funds do not assess transaction charges, most NTF funds have higher internal expenses than funds that do not participate in an NTF program. These higher internal fund expenses are assessed to investors who purchase or hold NTF funds. Depending upon the frequency of trading and hold periods, NTF funds may cost you more, or may cost the Registrant or your Advisor less, than mutual funds that assess transaction charges but have lower internal expenses. In addition, the higher internal expenses charged to clients who hold NTF funds will adversely affect the long-term performance of their accounts when compared to share classes of the same fund that assess lower internal expenses. It is important to note that the Registrant will only purchase NTF funds when no other share class is available for purchase. The administrative fees charged for each NTF fund trade is the same as the administrative fees for all other funds. For those advisory programs that assess transaction charges to clients, to the Registrant, or the Advisor, a conflict of interest exists because the Registrant and your Advisor have a financial incentive to recommend or select NTF funds that do not assess transaction charges but cost you more in internal expenses than funds that do assess transaction charges but cost you less in internal expenses.

**Fee Dispersion:** The Registrant’s investment advisory fee is negotiable at Registrant’s discretion, depending upon objective and subjective factors including but not limited to: the amount of assets to be managed; portfolio composition; the scope and complexity of the engagement; the anticipated number of meetings and servicing needs; related accounts; future earning capacity; anticipated future additional assets; the professional(s) rendering the service(s); prior relationships with the Registrant and/or its representatives, and negotiations with the client. As a result of these factors, similarly situated clients could pay different fees, the services to be provided by the Registrant to any particular client could be available from other advisers at lower fees, and certain clients may have fees different than those specifically set forth above.

**Termination of Advisory Relationship:** The Investment Advisory Agreement between the Registrant and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the Investment Advisory Agreement. Upon termination, the Registrant shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

**Investment Performance:** As a condition to participating in the Program, the participant must accept that past performance may not be indicative of future results, and understand that the future performance of any specific investment or investment strategy (including the investments and/or investment strategies purchased and/or undertaken by the Registrant) may not: (1) achieve their intended objective; (2) be profitable; or, (3) equal historical performance level(s) or any other performance level(s).

- B. Participation in the Program may cost more or less than purchasing such services separately. Also, the Program fee charged by Registrant for participation in the Program may be higher or lower than those charged by other sponsors of comparable wrap fee programs.

Depending upon the percentage wrap-fee charged by the Registrant, the amount of portfolio activity in the client's account, and the value of custodial and other services

provided, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately by another investment adviser

- C. The Program's wrap fee does not include certain charges and administrative fees, including, but not limited to, fees charged by Independent Managers, transaction charges (including mark-ups and mark-downs) resulting from trades effected through or with a broker-dealer other than Pershing, transfer taxes, odd lot differentials, exchange fees, interest charges, American Depository Receipt agency processing fees, and any charges, taxes or other fees mandated by any federal, state or other applicable law or otherwise agreed to with regard to client accounts. Such fees and expenses are in addition to the Program fee.
- D. Registrant's related persons who recommend the CJM Asset Management Wrap Fee Program to clients do not directly receive compensation as a result of a client's participation in the wrap fee program. However, certain of the Registrant's equity owners receive the benefits indirectly.

## **Item 5 Account Requirements and Types of Clients**

The Registrant's clients generally include individuals, high net worth individuals, pension and profit sharing plans, business entities, trusts, estates, and charitable organizations.

## **Item 6 Portfolio Manager Selection and Evaluation**

- A. The Registrant may allocate a portion of a client's Program assets among Program managers in accordance with the client's designated investment objective(s). In such situations, the Program managers have the day-to-day responsibility for the active discretionary management of the allocated Program assets. The Registrant will continue to monitor the client's account and its asset allocation and compare them to the client's investment objectives. Factors which the Registrant considers in recommending Program managers include the client's designated investment objectives, and the manager's management style, performance, reputation, financial strength, reporting, pricing, and research.
- B. As the Program sponsor, the Registrant shall be responsible for the primary management of the Program. Clients should review the section on "Program Fees" in Item 4 above for information about the conflicts of interest in the Program relating to fees.
- C. As discussed below, the Registrant also offers discretionary and non-discretionary investment advisory services to its clients. To the extent specifically requested by a client, Registrant also offers financial planning and related consulting services.

## **OTHER ADVISORY BUSINESS SERVICES**

### **RETIREMENT PLAN CONSULTING SERVICES**

The Registrant also provides non-discretionary retirement plan/pension consulting services, pursuant to which it assists sponsors of self-directed retirement plans with the selection and/or monitoring of investment alternatives (generally open-end mutual funds),

consistent with the investment objective designated by the Plan trustee, from which plan participants shall choose in self-directing the investments for their individual plan retirement accounts. In addition, to the extent requested by the plan sponsor, the Registrant shall also provide participant education designed to assist participants in identifying the appropriate investment strategy for their retirement plan accounts. In such engagements, Registrant will serve as an investment fiduciary as that term is defined under The Employee Retirement Income Security Act of 1974 (“ERISA”). The terms and conditions of the engagement shall generally be set forth in a Retirement Plan Consulting Agreement between the Registrant and the plan sponsor. Registrant’s non-negotiable annual fee for these services is equal to 0.50% of the value of plan’s assets.

### **FINANCIAL PLANNING AND CONSULTING SERVICES**

To the extent requested by a client, the Registrant may determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone fee basis. Registrant’s planning and consulting fees are negotiable, but generally range from \$2,000 to \$10,000 on a fixed fee basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s). Prior to engaging the Registrant to provide planning or consulting services, clients are generally required to enter into a Financial Planning and Consulting Agreement with Registrant setting forth the terms and conditions of the engagement. If requested by the client, Registrant may recommend the services of other professionals for implementation purposes. The client is under no obligation to engage the services of any recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Registrant. If the client engages any recommended professional, and a dispute arises, the client agrees to seek recourse exclusively from and against the engaged professional. Clients are responsible for promptly notifying the Registrant if there is ever any change in their financial situation or investment objectives so that the Registrant can review, and if necessary, revise its previous recommendations or services.

#### **Variable Annuity Management**

The client may also engage Registrant to provide discretionary/non-discretionary investment advisory services to clients. Under this service, Registrant allocates client investment assets on a discretionary/non-discretionary basis among the investment sub accounts of variable annuity products previously purchased by the client. The Registrant generally proposes allocations to individual equity and fixed income investments, exchange traded funds, and mutual funds, consistent with the client’s designated objectives. Once allocated, Registrant provides ongoing monitoring and review of sub account performance, asset allocation, and client investment objectives. The Registrant includes the variable product assets as part of “assets under management” for the purposes of calculating its annual advisory fee. There can be no assurance or guarantee that the Registrant’s market decisions will be correct or profitable.

Registrant may provide discretionary/non-discretionary variable annuity advisory services pursuant to which it assists clients with the selection and/or monitoring of sub account investment alternatives. Registrant’s non-negotiable annual fee for these services is equal to 0.75% of the variable annuity sub account value. Program fees are generally charged to a separate managed investment management account maintained by the client, or the client may be invoiced directly.

None of registrant's representatives is a registered representative or earns a commission in association with the sale of a variable annuity.

#### MISCELLANEOUS ADVISORY SERVICES DISCLOSURES

**Limitations of Financial Planning and Non-Investment Consulting/Implementation Services.** As indicated above, to the extent requested by a client, Registrant may provide financial planning and related consulting services regarding non-investment related matters, such as estate, tax, and insurance planning. Registrant does not serve as an attorney, accountant, or insurance agency, and no portion of its services should be construed as legal, accounting services, or insurance implementation services. Accordingly, Registrant does not prepare estate planning documents, tax returns or sell insurance products. To the extent requested by a client, Registrant may recommend the services of other professionals for certain non-investment implementation purpose (i.e., attorneys, accountants, insurance agents, etc.). Clients are under no obligation to engage the services of any recommended professional. The client retains absolute discretion over all implementation decisions and is free to accept or reject any recommendation that we make. If the client engages any unaffiliated recommended professional, and a dispute arises, the client agrees to seek recourse exclusively from the engaged professional.

**Retirement Plan Rollovers:** A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If the Registrant recommends that a client roll over their retirement plan assets into an account to be managed by the Registrant, such a recommendation creates a conflict of interest if the Registrant will earn new (or increase its current) compensation as a result of the rollover. If Registrant provides a recommendation as to whether a client should engage in a rollover or not (whether it is from an employer's plan or an existing IRA), Registrant is acting as a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts.

**Independent Managers.** Registrant may allocate (and/or recommend that the client allocate) a portion of a client's investment assets among unaffiliated independent investment managers ("Independent Manager(s)") in accordance with the client's designated investment objective(s). In such situations, the Independent Manager(s) will have day-to-day responsibility for the active discretionary management of the allocated assets. Registrant will continue to render investment supervisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. The Registrant generally considers the following factors when recommending Independent Manager(s): the client's designated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research. **The fee charged by the Independent Manager(s) is separate from, and in addition to, Registrant's advisory fee and will be disclosed to the client before entering into the Independent Manager engagement and/or subject to the terms and conditions of a separate agreement between the client and the Independent Manager(s).**

**Unaffiliated Private Investment Funds.** Registrant may provide investment advice regarding unaffiliated private investment funds. Registrant, on a non-discretionary basis, may also recommend that certain qualified clients consider an investment in unaffiliated private investment funds. Registrant's role relative to the private investment funds shall be limited to its initial and ongoing due diligence and investment monitoring services. If a client determines to become a private fund investor, the amount of assets invested in the fund(s) shall be included as part of "assets under management" for purposes of Registrant calculating its investment advisory fee. Registrant's clients are under absolutely no obligation to consider or make an investment in a private investment fund(s).

Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike liquid investments that a client may own, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund and acknowledges and accepts the various risk factors that are associated with such an investment.

In the event that Registrant references private investment funds owned by the client on any supplemental account reports prepared by Registrant, the value(s) for all private investment funds owned by the client shall reflect the most recent valuation provided by the fund sponsor. However, if subsequent to purchase, the fund has not provided an updated valuation, the valuation shall reflect the initial purchase price. If subsequent to purchase, the fund provides an updated valuation, then the statement will reflect that updated value. The updated value will continue to be reflected on the report until the fund provides a further updated value. **Please Also Note:** As result of the valuation process, if the valuation reflects initial purchase price or an updated value subsequent to purchase price, the current value(s) of an investor's fund holding(s) could be significantly more or less than the value reflected on the report. Unless otherwise indicated, Registrant shall calculate its fee based upon the latest value provided by the fund sponsor. **The Registrant's Chief Compliance Officer, Tracey A. Baker, CFP®, remains available to address any questions that a client or prospective client may have regarding private investment funds.**

**Use of Mutual and Exchange Traded Funds.** Registrant utilizes mutual funds and exchange traded funds for its client portfolios. In addition to Registrant's investment advisory fee described below, and transaction and/or custodial fees discussed above, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g., management fees and other fund expenses). The mutual funds and exchange traded funds utilized by the Registrant are generally available directly to the public. Thus, a client can generally obtain the funds recommended and/or utilized by Registrant independent of engaging Registrant as an investment advisor. However, if a prospective client does so, then they will not receive Registrant's initial and ongoing investment advisory services.

**Cash Positions.** Registrant continues to treat cash as an asset class. As such, unless determined to the contrary by Registrant, all cash positions (money markets, etc.) shall continue to be included as part of assets under management for purposes of calculating Registrant's advisory fee. At any specific point in time, depending upon perceived or anticipated market conditions/events (there being no guarantee that such anticipated market



conditions/events will occur), Registrant may maintain cash positions for defensive purposes. In addition, while assets are maintained in cash, such amounts could miss market advances. Depending upon current yields, at any point in time, Registrant's advisory fee could exceed the interest paid by the client's money market fund. ANY QUESTIONS: The Registrant's Chief Compliance Officer, Tracey A. Baker, remains available to address any questions that a client or prospective may have regarding the above fee billing practice.

**Cash Sweep Accounts.** Certain account custodians can require that cash proceeds from account transactions or new deposits, be swept to and/or initially maintained in a specific custodian designated sweep account. The yield on the sweep account will generally be lower than those available for other money market accounts. When this occurs, to help mitigate the corresponding yield dispersion, Registrant shall (usually within 30 days thereafter) generally (with exceptions) purchase a higher yielding money market fund (or other type security) available on the custodian's platform, unless Registrant reasonably anticipates that it will utilize the cash proceeds during the subsequent 30-day period to purchase additional investments for the client's account. Exceptions and/or modifications can and will occur with respect to all or a portion of the cash balances for various reasons, including, but not limited to the amount of dispersion between the sweep account and a money market fund, the size of the cash balance, an indication from the client of an imminent need for such cash, or the client has a demonstrated history of writing checks from the account. Please Note: The above does not apply to the cash component maintained within a Registrant actively managed investment strategy (the cash balances for which shall generally remain in the custodian designated cash sweep account), an indication from the client of a need for access to such cash, assets allocated to an unaffiliated investment manager, and cash balances maintained for fee billing purposes. Please Also Note: The client shall remain exclusively responsible for yield dispersion/cash balance decisions and corresponding transactions for cash balances maintained in any Registrant unmanaged accounts. **ANY QUESTIONS: Registrant's Chief Compliance Officer, Tracey A. Baker, remains available to address any questions that a client or prospective client may have regarding the above.**

**Custodian Charges-Additional Fees.** As discussed at Items 5 and 12 of Form ADV 2A, when requested to recommend a broker-dealer/custodian for client accounts, Registrant generally recommends that *Pershing* serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as *Pershing* charge brokerage commissions, transaction, and/or other type fees for effecting certain types of securities transactions (i.e., including transaction fees for certain mutual funds, and mark-ups and mark-downs charged for fixed income transactions, etc.). The types of securities for which transaction fees, commissions, and/or other type fees (as well as the amount of those fees) shall differ depending upon the broker-dealer/custodian (while certain custodians do not currently charge fees on individual equity transactions [including ETFs], others do). Currently, *Pershing* charges transaction fees for ETFs utilized by Registrant. Although Registrant is not a frequent trader, its primary investment vehicles for client accounts are ETFs. **(Please Note:** there can be no assurance that either Pershing will not change their transaction fee pricing in the future). These fees/charges are in addition to Registrant's investment advisory fee at Item 5 of Form ADV 2A. Registrant does not receive any portion of these fees/charges

**Non-Discretionary Service Limitations.** Clients that determine to engage Registrant on a non-discretionary investment advisory basis **must be willing to accept** that Registrant cannot effect any account transactions without obtaining prior consent to such

transaction(s) from the client. Thus, in the event that Registrant would like to make a transaction for a client's account (including in the event of an individual holding or general market correction), and the client is unavailable, the Registrant will be unable to effect the account transaction(s) (as it would for its discretionary clients) without first obtaining the client's consent.

**Portfolio Activity.** Registrant has a fiduciary duty to provide services consistent with the client's best interest. Registrant will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including, but not limited to, investment performance, market conditions, fund manager tenure, style drift, account additions/withdrawals, and/or a change in the client's investment objective. Based upon these factors, there may be extended periods of time when Registrant determines that changes to a client's portfolio are unnecessary. Clients remain subject to the fees described in Item 5 below during periods of portfolio inactivity. Of course, as indicated below, there can be no assurance that investment decisions made by the Registrant will be profitable or equal any specific performance level(s).

**Other Assets.** A client may:

- hold securities that were purchased at the request of the client or acquired prior to the client's engagement of the Registrant. Generally, with potential exceptions, the Registrant does not/would not recommend nor follow such securities, and absent mitigating tax consequences or client direction to the contrary, would prefer to liquidate such securities. **Please Note:** If/when liquidated, it should not be assumed that the replacement securities purchased by the Registrant will outperform the liquidated positions. To the contrary, different types of investments involve varying degrees of risk, and there can be no assurance that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by the Registrant) will be profitable or equal any specific performance level(s). In addition, there may be other securities and/or accounts owned by the client for which the Registrant does not maintain custodian access and/or trading authority; and,
- hold other securities and/or own accounts for which the Registrant does not maintain custodian access and/or trading authority.

**Corresponding Services/Fees:** When agreed to by the Registrant, the Registrant shall: (1) remain available to discuss these securities/accounts on an ongoing basis at the request of the client; (2) monitor these securities/accounts on a regular basis, including, where applicable, rebalancing with client consent; (3) shall generally consider these securities as part of the client's overall asset allocation; (4) report on such securities/accounts as part of regular reports that may be provided by the Registrant; and, (5) include the market value of all such securities for purposes of calculating advisory fee.

**Socially Responsible Investing Limitations.** *Socially Responsible Investing* involves the incorporation of **Environmental, Social and Governance** ("ESG") considerations into the investment due diligence process. ESG investing incorporates a set of criteria/factors used in evaluating potential investments: Environmental (i.e., considers how a company safeguards the environment); Social (i.e., the manner in which a company manages relationships with its employees, customers, and the communities in which it operates);

and **Governance** (i.e., company management considerations). The number of companies that maintain an acceptable ESG mandate can be limited when compared to those that do not and could underperform broad market indices. Investors must accept these limitations, including potential for underperformance. Correspondingly, the number of ESG mutual funds and exchange-traded funds are limited when compared to those that do not maintain such a mandate. As with any type of investment (including any investment and/or investment strategies recommended and/or undertaken by the Registrant), there can be no assurance that investment in ESG securities or funds will be profitable or prove successful. The Registrant does not maintain or advocate an ESG investment strategy but will seek to employ ESG if directed by a client to do so.

**Cryptocurrency and Digital Assets.** For clients who want exposure to cryptocurrencies and digital assets, including Bitcoin, the Registrant will advise the client to consider a potential investment in corresponding exchange traded securities, or an allocation to separate account managers and/or private funds that provide cryptocurrency exposure. Cryptocurrencies are digital assets that can be used to buy goods and services and use an online ledger with strong cryptography (i.e., a method of protecting information and communications through the use of codes) to secure online transactions. Unlike conventional currencies issued by a monetary authority, cryptocurrencies are generally not controlled or regulated, and their price is determined by the supply and demand of their market. Because cryptocurrency is currently considered to be a speculative investment, the Registrant will not exercise discretionary authority to purchase a cryptocurrency investment for client accounts. Rather, a client must expressly authorize the purchase of the cryptocurrency investment. **Please Note:** The Registrant **does not** recommend or advocate the purchase of, or investment in, cryptocurrencies. The Registrant considers such an investment to be **speculative**. **Please Also Note:** Clients who authorize the purchase of a cryptocurrency investment must be prepared for the potential for **liquidity constraints, extreme price volatility and complete loss of principal.**

**Borrowing Against Assets/Risks.** A client who has a need to borrow money could determine to do so by using:

- **Margin-**The account custodian or broker-dealer lends money to the client. The custodian charges the client interest for the right to borrow money, and uses the assets in the client's brokerage account as collateral or
- **Pledged Assets Loan-** In consideration for a lender (i.e., a bank, etc.) to make a loan to the client, the client pledges its investment assets held at the account custodian as collateral.

These above-described collateralized loans are generally utilized because they typically provide more favorable interest rates than standard commercial loans. These types of collateralized loans can assist with a pending home purchase, permit the retirement of more expensive debt, or enable borrowing in lieu of liquidating existing account positions and incurring capital gains taxes. However, such loans are not without potential material risk to the client's investment assets. The lender (i.e., custodian, bank, etc.) will have recourse against the client's investment assets in the event of loan default or if the assets fall below a certain level. For this reason, Registrant does not recommend such borrowing unless it is for specific short-term purposes (i.e., a bridge loan to purchase a new residence). Registrant does not recommend such borrowing for investment purposes (i.e., to invest borrowed

funds in the market). Regardless, if the client was to determine to utilize margin or a pledged assets loan, the following economic benefits would inure to Registrant:

- by taking the loan rather than liquidating assets in the client's account, Registrant continues to earn a fee on such Account assets;
- if the client invests any portion of the loan proceeds in an account to be managed by Registrant, Registrant will receive an advisory fee on the invested amount; and,
- if Registrant's advisory fee is based upon the higher margined account value (*see* margin disclosure at Item 5 below), Registrant will earn a correspondingly higher advisory fee. This could provide Registrant with a disincentive to encourage the client to discontinue the use of margin.

**Please Note:** The client must accept the above risks and potential corresponding consequences associated with the use of margin or a pledged assets loans.

**Client Obligations.** The Registrant will not be required to verify any information received from the client or from the client's other professionals and is expressly authorized to rely on the information in its possession. Clients are responsible for promptly notifying the Registrant if there is ever any change in their financial situation or investment objectives so that the Registrant can review, and if necessary, revise its previous recommendations or services.

#### **PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Neither the Registrant nor any supervised person of the Registrant accepts performance-based fees.

#### **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

The Registrant shall utilize the following methods of security analysis:

- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
- Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)

The Registrant shall utilize the following investment strategies when implementing investment advice given to clients:

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

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

**Cybersecurity Risk.** The information technology systems and networks that Registrant and its third-party service providers use to provide services to Registrant's clients employ various controls, which are designed to prevent cybersecurity incidents stemming from intentional or unintentional actions that could cause significant interruptions in Registrant's operations and result in the unauthorized acquisition or use of clients' confidential or non-

public personal information. Clients and Registrant are nonetheless subject to the risk of cybersecurity incidents that could ultimately cause them to incur losses, including for example: financial losses, cost and reputational damage to respond to regulatory obligations, other costs associated with corrective measures, and loss from damage or interruption to systems. Although Registrant has established processes to reduce the risk of cybersecurity incidents, there is no guarantee that these efforts will always be successful, especially considering that Registrant does not directly control the cybersecurity measures and policies employed by third-party service providers. Clients could incur similar adverse consequences resulting from cybersecurity incidents that more directly affect issuers of securities in which those clients invest, broker-dealers, qualified custodians, governmental and other regulatory authorities, exchange and other financial market operators, or other financial institutions.

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

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

- B. Currently, the Registrant primarily recommends that client allocate client investment assets among various individual equities, mutual funds and/or exchange traded funds, on a discretionary and non-discretionary basis in accordance with the client's designated investment objective(s). In limited circumstances when consistent with the client's investment objectives, Registrant may recommend allocating client assets among various unaffiliated private investment funds (see above for a description of associated risk factors).

#### **VOTING CLIENT SECURITIES**

The Registrant does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.

Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact the Registrant to discuss any questions they may have with a particular solicitation.

## **Item 7            Client Information Provided to Portfolio Managers**

The Registrant shall be the Program's portfolio manager. The Registrant shall provide investment advisory services specific to needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, the Registrant shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at any time, impose reasonable restrictions, in writing, on the Registrant's services.

As indicated above, clients are responsible for promptly notifying the Registrant if there is ever any change in their financial situation or investment objectives so that the Registrant can review, and if necessary, revise its previous recommendations or services.

## **Item 8            Client Contact with Portfolio Managers**

The client shall have, without restriction, reasonable access to the Program's portfolio manager.

## **Item 9            Additional Information**

- A. The Registrant has not been the subject of any disciplinary actions.

### **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

The Registrant does not have any relationship or arrangement that is material to its advisory business or to its clients with any related person.

#### **B. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

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

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

Neither the Registrant nor any related person of Registrant recommends, buys, or sells for client accounts, securities in which the Registrant or any related person of Registrant has a material financial interest.

The Registrant and/or representatives of the Registrant may buy or sell securities that are also recommended to clients. This practice may create a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of

interest. Practices such as “scalping” (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if the Registrant did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, “front-running” (i.e., personal trades executed prior to those of the Registrant’s clients) and other potentially abusive practices.

The Registrant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Registrant’s “Access Persons.” The Registrant’s securities transaction policy requires that an Access Person of the Registrant must provide the Chief Compliance Officer or a designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or a designee with a written report of the Access Person’s current securities holdings at least once each twelve (12) month period thereafter on a date the Registrant selects.

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

#### **REVIEW OF ACCOUNTS**

For those clients to whom Registrant provides investment supervisory services, account reviews are conducted on an ongoing basis by the Registrant's Principals and/or representatives. All investment supervisory clients are advised that it remains their responsibility to advise the Registrant of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with the Registrant on an annual basis. The Registrant may conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

#### **CLIENT REFERRALS AND OTHER COMPENSATION**

As referenced in Item 12 of the Brochure, the Registrant may receive economic benefits from Pershing. Clients should review the disclosures in Item 12 of the Brochure carefully. Registrant does not maintain solicitor arrangements/pay referral fee compensation to non-employees for new client introductions.

#### **FINANCIAL INFORMATION**

The Registrant does not solicit fees of more than \$1,200, per client, six months or more in advance. The Registrant is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary

authority over certain client accounts. The Registrant has not been the subject of a bankruptcy petition.

**ANY QUESTIONS: The Registrant's Chief Compliance Officer, Tracey A. Baker, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**