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## **MJP Wealth Advisors (CRD#127654)**

**January 2024**

### **Item 1. Cover Page For Part 2A of Form ADV: Firm Brochure**

This brochure provides information about the qualifications and business practices of MJP Associates, Inc dba MJP Wealth Advisors. If you have any questions about the contents of this brochure, please contact Brian H. Vendig, Chief Compliance Officer, by telephone at 860-677-7755 or email at [advice@mjpwealthadvisors.com](mailto:advice@mjpwealthadvisors.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any State Securities Authority. Additional information about MJP Wealth Advisors also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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

## Item 2. Material Changes

MJP Wealth Advisors is required to make clients aware of information that has changed since the last annual update to the Firm Brochure ("Brochure") and that may be important to them. Clients can then determine whether to review the brochure in its entirety or to contact us with questions about the changes.

Since our last annual amendment filed on 03/09/2023, we have the following material change(s) to report:

- Advisor OS, LLC dba Taiko ("Taiko") is a web-based technology platform that utilizes Orion Advisor Technology ("Orion") portfolio management software to provide clients with access to performance reporting, a mobile client portal, trading execution, third-party managers, data reconciliation, tax reporting, and other services. Clients will be required to execute a separate LPOA with Taiko in order to use their services for accounts custodied at Schwab. The annualized platform fee for Taiko is 0.02% per applicable account with a minimum annual fee of \$50 per applicable account. An additional annualized fee of 0.06% is assessed for modeled accounts selected from Taiko. Third party money manager fees, including Taiko strategies, vary by strategy type and will be billed in conjunction with Taiko's fee. Fees are billed quarterly in arrears based on the average daily balance of account(s) during the previous quarter. Please see Item 5 for additional information.
- We have updated our hourly rate for administrative staff assisting with Financial Planning Consulting services from \$100 to \$150 per hour. Please see Item 5 for additional information.
- Charles Schwab & Co., Inc. ("Schwab") has completed its acquisition of our previously recommended custodian, TD Ameritrade, Inc. As a result of the acquisition, we have amended Items 12 and 14 to remove references to offering TD Ameritrade, Inc. as a custodian for client accounts.
- Effective 7/27/2023, our Farmington office will be moving to a new location. Our new Farmington address will be: 74 Batterson Park Rd, Suite 103, Farmington, CT 06032.
- We have amended Item 5 to disclose that Louis Nistico's billable hourly rate for Financial Planning & Consulting services is \$350. Please see Item 5 for additional information.

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## Item 4. Advisory Business

Our firm is dedicated to providing individuals and other types of clients with a wide array of investment advisory services. Our firm is a corporation formed and incorporated in the State of Connecticut in 1981 and has been in business as an investment adviser since 1983. Our firm is owned by Brian and Michele Vendig.

The purpose of this Brochure is to disclose the conflicts of interest associated with the investment transactions, compensation and any other matters related to investment decisions made by our firm or its representatives. As a fiduciary, it is our duty to always act in the client's best interest. This is accomplished in part by knowing our client. Our firm has established a service-oriented advisory practice with open lines of communication for many different types of clients to help meet their financial goals while remaining sensitive to risk tolerance and time horizons. Working with clients to understand their investment objectives while educating them about our process, facilitates the kind of working relationship we value.

### **Types of Advisory Services Offered**

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#### **Portfolio Management:**

As part of the Asset Management Service, our firm gathers information about a client's assets, liabilities, investment goals and objectives, risk tolerance and time horizon through a personal interview. Based on this information, either a model portfolio is selected, or a customized portfolio is created specifically for that client. The recommended investment strategy will result from balancing the client's goals along with financial suitability, risk tolerance and the underlying investment allocations.

Should our firm select a customized portfolio, it will generally consist of individual stocks or bonds, exchange traded funds ("ETFs"), options, no load and institutional mutual funds, government, corporate, and municipal bonds, and other public and private securities or investments. It may also include Unified Managed Account ("UMA") or Separately Managed Account ("SMA") investments to gain exposure to individual security investments in certain stocks and bonds as well as to diversify a client's portfolio using alternative investments. The client's individual investment strategy is tailored to their specific needs and may include some or all of the previously mentioned securities (e.g., our equity asset allocations cover both domestic and international equities and may include large capitalization stocks, mid-capitalization and small capitalization stocks).

Further, our firm may also offer a customized portfolio consisting of various private placements, such as hedge funds, private equity and real estate with a holding period of 1 to 10 years. However, our firm only offers such illiquid investments if the client has adequate investment sophistication and risk tolerance. All illiquid securities will be held at the client's custodian and/or direct at the investment company.

Alternatively, depending on the client's assets, liabilities, investment goals and objectives, risk tolerance and time horizon, our firm may determine it to be more appropriate to place the Client in one of the following proprietary model portfolios:

- Aggressive
- Multi-Strategy Growth
- Moderate Growth
- Income
- Conservative
- Preservation

The asset classes our firm uses for its proprietary model portfolios generally include stocks, bonds and liquid alternatives. Our firm uses liquid alternatives to help reduce overall portfolio volatility because they have low correlation to both the stock and bond markets. To complement our firm's core portfolios, we may use specialty investments which are temporarily undervalued asset classes with an intention of adding value to portfolios when available.

Our firm believes that avoiding loss of principal is essential to long-term investment success. Thus, all our firm's portfolios are initially designed to meet a particular investment goal, determined to be suitable to the client, while seeking long-term total returns with an added emphasis on principal protection. The primary goal for our firm's portfolios is to preserve principal through inflationary periods, deflationary periods and recessions, while at the same time, being focused on a total return based on the client's financial objectives and financial suitability. However, our firm's portfolios will not always track the stock market performance during short-term rallies.

Our firm's goal is to focus on a total return perspective that balances asset appreciation, tax-efficiency, yield and cost of the investment. The investment choices span global equities, global fixed income and global liquid alternative allocations. Through diversification, our strategies help manage downside risks and promote stability in volatile and turbulent times. We maintain a bottom-up view when selecting investments. Our firm uses a structured proprietary investment approach. Specific market indicators and external research help us to assess the economic environment.

Our firm's client's individual investment strategies are tailored to their specific needs and may include some or all of the previously mentioned securities. Portfolios will be designed to meet a particular investment goal, determined to be suitable to the Client's circumstances. Once the appropriate portfolio has been determined, portfolios are continuously and regularly monitored, and if necessary, rebalanced based upon the Client's individual needs, stated goals and objectives.

In certain cases, our firm selects a third-party money manager to aid in the implementation of an investment portfolio. Before selecting a third-party money manager, our firm will ensure that the chosen party is properly licensed or registered. We will conduct ongoing reviews of their management of client accounts. In order to assist in the selection of a third-party money manager, our firm will gather client information pertaining to their financial situation, investment objectives, and reasonable restrictions to be imposed upon the management of the account.

### **Retirement Plan Consulting Services:**

We also provide retirement planning and consulting services to employer plan sponsors. All retirement plan consulting services shall be in compliance with the applicable state law(s) regulating retirement consulting services. This applies to client accounts that are retirement or other employee benefit plans ("Plan") governed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). If the client accounts are part of a Plan, and we accept appointments to provide our services to such accounts, we acknowledge that we are a fiduciary within the meaning of Section

3(21) and Section 3(38) of ERISA (but only with respect to the provision of services described in section 1 of the Retirement Plan Consulting Services Agreement).

### **Financial Planning & Consulting:**

We provide a variety of financial planning and consulting services to individuals, families and other clients regarding the management of their financial resources based upon an analysis of client's current situation, goals, and objectives. Generally, such financial planning services will involve preparing a financial plan or rendering a financial consultation for clients based on the client's financial goals and objectives.

Our written financial plans or financial consultations rendered to clients usually include general recommendations for a course of activity or specific actions to be taken by the clients. For written financial planning engagements, we provide our clients with a written summary of their financial situation, observations, and recommendations. For financial consulting engagements, we usually do not provide our clients with a written summary of our observations and recommendations as the process is less formal than our planning service. Plans or consultations are typically completed within six (6) months of the client signing a contract with us, assuming that all the information and documents we request from the client are provided to us promptly. It should also be noted that we refer clients to an accountant, attorney or other specialist, as necessary for non-investment advisory related services. Implementation of the recommendations will be at the discretion of the client.

### **MJP Online Advisor Services:**

MJP Online Advisor Services is an automated online platform operated by MJP Wealth Advisors that guides clients through the entire investment management process and provides management services. Clients subscribing to MJP Online Advisor Services authorize MJP Wealth Advisors to select a proprietary portfolio model according to the client's risk tolerance. As part of the MJP Online Advisor Services investment management service, clients complete an online personal risk tolerance assessment and provide additional information about their financial goals. Based on the information provided, the appropriate model portfolio is selected for the client. We create diversified model portfolios of investments consisting of low cost exchange traded funds ("ETFs"), mutual funds, and other similar equity-related index funds, stocks, or investment products tailored to the client's specific needs. Information about the client's model portfolio is available on the online platform, which includes their investment style, objectives, and a list of ETFs and other investments with shares that are included in and traded through them. The client can also submit or modify risk preferences, investment objectives, investment size and any other restrictions for their accounts directly through the online platform. We will periodically rebalance client model portfolios based upon the client's individual needs, stated goals and objectives.

### **Tailoring of Advisory Services**

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Our firm offers individualized investment advice to our Asset Management and MJP Online Advisor Services clients. General investment advice will be offered to our Financial Planning & Consulting and Retirement Plan Consulting clients.

Our firm does not usually allow Asset Management clients to impose restrictions on investing in certain securities or types of securities due to the level of difficulty this would entail in managing their account. Exceptions will be made on a case-by-case basis.

## Participation in Wrap Fee Programs

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Our firm does not offer or sponsor a wrap fee program.

## Regulatory Assets Under Management

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We manage \$853,430,239 on a discretionary basis as of 12/31/2022. In addition, we have \$10,945,527 assets under advisement as of 12/31/2022.

## Item 5. Fees And Compensation

### Compensation for Our Advisory Services

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#### Portfolio Management:

Fees to be assessed will be outlined in the advisory agreement to be signed by the client. Our current fee schedules for our Portfolio Management service are described below:

a. Standard Fee Schedule:

<u>Market Value</u>	<u>Annual Percentage of Assets Charge</u>
\$0 to \$749,999.99	1.35%
\$750,000 to \$1,249,999.99	1.15%
\$1,250,000 to \$1,999,999.99	0.95%
\$2,000,000 to \$2,999,999.99	0.80%
\$3,000,000 to \$4,499,999.99	0.75%
\$4.5 Million and Above	Negotiable

b. Self-Directed Brokerage Accounts ("SDBA"):

Our firm will charge a flat fee not to exceed 1.00% for the management of any 401(k) self-directed brokerage and/or outside brokerage assets. 401(k) assets and other assets that are managed by our firm will be combined for the purpose of determining the fee levels. If the market values of the combined accounts put them at a fee level that is less than 1.00%, then the applicable fee schedule and minimum annualized thresholds described above will apply.

c. 529 Plans:

Our firm's management of 529 Plans are billed a fee based on the amount of assets held in the plan. The maximum fee for 529 Plans will not exceed 0.25%.

Annualized fees for our Portfolio Management service will be billed when the account is established, pro-rated for the first partial quarter, if any. Thereafter, annualized fees will be billed on the first day of each calendar quarter based on the asset value of the account(s) as of the last business day of the prior quarter. Fees will generally be automatically deducted from your managed account. As part of this process, you understand and acknowledge the following:

- a) Your independent custodian sends statements at least quarterly to you showing all disbursements for your account, including the amount of the advisory fees paid to us;
- b) You provide authorization permitting us, the Sub-Adviser, and/or the Platform Manager to be directly paid by these terms;
- c) We send our invoice directly to the independent custodian;
- d) If we send a copy of our invoice to you, our invoice includes a disclosure urging you to compare the information provided in our invoice with the invoice provided by the qualified custodian.

The minimum quarterly fee threshold for our Portfolio Management service is \$25. In the event that the client's quarterly fee does not equate to at least \$25, the client's account shall not be billed until such time as the client's quarterly fees exceed the minimum quarterly threshold. Additional deposits in the account are subject to the same fee procedures. Exceptions may be made to the fee schedule under certain circumstances pursuant to a negotiated agreement with the client. Adjustments will be made for deposits and withdrawals during the quarter that exceed \$5,000. In rare cases, our firm will agree to directly invoice.

*Advisor OS, LLC dba Taiko ("Taiko"):*

Taiko is a web-based technology platform offered by Advisor OS that utilizes Orion Advisor Technology ("Orion") portfolio management software to provide clients with access to performance reporting, a mobile client portal, trading execution, third-party managers, data reconciliation, tax reporting, and other services. Clients will be required to execute a separate LPOA with Taiko in order to use their services for accounts custodied at Schwab. The annualized platform fee for Taiko is 0.02% per applicable account with a minimum annual fee of \$50 per applicable account. An additional annualized fee of 0.06% is assessed for modeled accounts selected from Taiko. Third party money manager fees, including Taiko strategies, vary by strategy type and will be billed in conjunction with Taiko's fee. Fees are billed quarterly in arrears based on the average daily balance of account(s) during the previous quarter.

*Held-Away Assets (Pontera® Platform):*

Our firm will manage certain client account(s) that are held at a custodian that is not directly accessible by our firm using Pontera Solutions, Inc. ("Pontera")'s order management system. The advisory fee payable for any held-away accounts will be in accordance with our standard fee schedule and deducted directly from another client account. If there are insufficient funds available in another client account or our firm believes that deducting the advisory fee from another client account would be prohibited by applicable law, we will invoice the client directly.

*Third-Party Money Managers:*

Fees charged for any selected third-party manager shall be in addition to our advisory fee. The maximum annual fee charged to clients by third-party money managers will not exceed 0.67%. The third-party money manager's fee will be billed directly to clients by the third-party money manager. Third-party money managers establish and maintain their own separate billing processes over which our firm has no control. The selected third-party money manager that we recommend will not charge a client a higher fee than they would have charged without us introducing clients to them. The total fee to be charged, as well as the billing cycle, will be detailed in the third-party money manager's ADV Part 2A and/or separate advisory agreement to be signed by the client.



#### *401(k) Plan Participant Discount:*

If our firm is the advisor on a 401(k) plan with plan assets equal to \$2 million or above, the plan participant's households are entitled to a flat fee of 1.00% for management of personal assets that meet all account minimums. If the market values of their accounts put them at a fee level that is less than 1.00% and/or we are the advisor on a 401 (k) plan with plan assets under \$2 million, then the applicable fee schedule and minimum annualized thresholds will apply.

#### **Retirement Plan Consulting:**

Our Retirement Plan Consulting services are billed a fee based on the percentage of Plan assets under management. The total estimated fee, as well as the ultimate fee charged, is based on the scope and complexity of our engagement with the client. The fee arrangements will be determined on a case by case basis and detailed in the signed consulting agreement. Clients will be invoiced directly for the fees. Fees based on a percentage of managed Plan assets range from 0.10% to 0.50%.

#### **Financial Planning & Consulting:**

Our firm charges on an hourly or flat fee basis for financial planning and consulting services. The total estimated fee, as well as the ultimate fee charged, is based on the scope and complexity of our engagement with the client. Our flat fees range from \$1,500 and \$5,000. We charge the following hourly fees for financial planning consulting services:

Brian H. Vendig, CPA, AIF®	\$450/hour
Kevin P. Brady, CFP®	\$350/hour
Richard D. Hammond, CFP®	\$350/hour
Louis T. Nistico, CFP®	\$350/hour
Michael A. Stamos	\$250/hour
Michele A. Vendig	\$250/hour
Administrative Staff*	\$150/hour

\*Administrative staff shall assist with aspects of data input, preparation of the plan, etc. However, administrative staff will neither conduct nor bill advisory services.

We require a retainer of fifty-percent (50%) of the ultimate financial planning or consulting fee with the remainder of the fee directly billed to you and due to us within thirty (30) days of your financial plan being delivered or consultation rendered to you. In all cases, we will not require a retainer exceeding \$1,200 when services cannot be rendered within 6 months.

#### **MJP Online Advisor Services:**

Clients subscribing to this service will be charged 0.30% of managed assets. Fees will generally be automatically deducted from your managed account. As part of this process, you understand and acknowledge the following:

- a) Your independent custodian sends statements at least quarterly to you showing all disbursements for your account, including the amount of the advisory fees paid to us;
- b) You provide authorization permitting us to be directly paid by these terms;
- c) We send an invoice directly to the independent custodian;

- d) If we send a copy of our invoice to you, our invoice includes a disclosure urging you to compare the information provided in our invoice with the invoice provided by the qualified custodian.

### **Other Types of Fees & Expenses**

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Clients will incur transaction fees for trades executed by their chosen custodian, via individual transaction charges. These transaction fees are separate from our firm's advisory fees and will be disclosed by the chosen custodian. Charles Schwab & Co., Inc. ("Schwab") does not charge transaction fees for U.S. listed equities and exchange traded funds.

As noted above, Clients may also pay holdings charges imposed by the chosen custodian for certain investments, charges imposed directly by a mutual fund, index fund, or exchange traded fund, which shall be disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), initial or deferred sales charges, mutual fund sales loads, 12b-1 fees, surrender charges, variable annuity fees, IRA and qualified retirement plan fees, mark-ups and mark-downs, spreads paid to market makers, fees for trades executed away from custodian, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions. Our firm does not receive a portion of these fees.

### **Termination & Refunds**

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Either party may terminate the advisory agreement signed with our firm for Asset Management and MJP Online Advisor Services in writing at any time. Upon notice of termination our firm will process a pro-rata refund of the unearned portion of the advisory fees charged in advance at the beginning of the quarter. If you wish to terminate our Asset Management services before the end of a calendar quarter, you shall need to contact our firm in writing and state that you wish to terminate our services. Upon receipt of your letter of termination, we will proceed to close out your account and you will be assessed a pro-rata fee based on the number of days your account was managed by our firm.

Financial Planning & Consulting clients may terminate their agreement at any time before the delivery of a financial plan by providing written notice. For purposes of calculating refunds, all work performed by us up to the point of termination shall be calculated at the hourly fee currently in effect. Clients will receive a pro-rata refund of unearned fees based on the time and effort expended by our firm.

Either party to a Retirement Plan Consulting Agreement may terminate at any time by providing written notice to the other party. Full refunds will only be made in cases where cancellation occurs within 5 business days of signing an agreement. After 5 business days from initial signing, either party must provide the other party 30 days written notice to terminate billing. Billing will terminate 30 days after receipt of termination notice. Clients will be charged on a pro-rata basis, which takes into account work completed by our firm on behalf of the client. Clients will incur charges for bona fide advisory services rendered up to the point of termination (determined as 30 days from receipt of said written notice) and such fees will be due and payable.

## **Commissionable Securities Sales**

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Our firm may sell securities for a commission. In order to sell securities for a commission, our supervised persons are registered representatives of Arete Wealth Management, LLC, member FINRA/SIPC. Our supervised persons may accept compensation for the sale of securities or other investment products, including distribution or service (“trail”) fees from the sale of mutual funds. You should be aware that the practice of accepting commissions for the sale of securities:

- 1) Presents a conflict of interest and gives our firm and/or our supervised persons an incentive to recommend investment products. We generally address commissionable sales conflicts that arise when explaining to clients that commissionable securities sales creates an incentive to recommend products based on the compensation we and/or our supervised persons may earn and may not necessarily be in the best interests of the client or when recommending commissionable mutual funds, explaining that “no-load” funds are available through our firm if the client wishes to become an investment advisory client.
- 2) In no way prohibits you from purchasing investment products recommended by us through other brokers or agents which are not affiliated with us.

## **Item 6. Performance-Based Fee And Side-By-Side Management**

We do not charge performance fees to our clients.

## **Item 7. Types Of Clients And Account Requirements**

We have the following types of clients:

- Individuals and High Net Worth Individuals;
- Trusts, Estates or Charitable Organizations;
- Pension and Profit Sharing Plans;
- Corporations, limited liability companies and/or other business types

The recommended minimum account size to initiate and maintain an account is \$500,000, which may be deposited in the form of cash, stocks, bonds, mutual funds or variable annuities. Variable Annuities have a minimum of \$25,000 per contract. Total family assets that meet the minimum totals may allow for the individual account minimums to be lowered. Generally, this minimum account balance requirement is not negotiable and would be required throughout the course of the client's relationship with our firm.

## **Item 8. Methods Of Analysis, Investment Strategies And Risk Of Loss**

### **Methods of Analysis**

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MJP Wealth Advisors uses the following methods of analysis in formulating our investment strategies:

**Technical analysis:** We analyze past market movements in an attempt to potentially predict future market price movements.

**Charting:** With this type of technical analysis, we review charts of market activity in an attempt to identify if the market is trending up or down and to predict when and how long the trend may last and when that trend may reverse.

**Intermarket Analysis:** This is another form of technical analysis we use. The basic premise of the intermarket analysis is that all markets are related in some way. What happens in one market has an impact on another. For example, rising commodity prices are usually associated with rising inflation, which in turn puts upward pressure on interest rates. Rising interest rates are historically bad for bond prices.

**Fundamental Analysis:** We attempt to measure the intrinsic value of an asset class to determine if it is underpriced (indicating that it may be a good time to buy) or overpriced (indicating that it may be a good time to sell).

**Mutual Fund and/or ETF Analysis:** For Mutual funds, we look at the experience and track record of the manager in an attempt to determine if that manager has demonstrated an ability to invest successfully over a period of time and in different economic environments. We also monitor these managers to attempt to determine if they are continuing to follow their stated investment strategy. A manager who has been successful in the past may not be able to replicate that success in the future. For ETFs we look for those that minimize cost and tracking error. In addition, we look for those ETFs that have the sufficient liquidity to allow clients to easily sell their positions.

**Third Party Research:** We review and take into consideration market research provided by third parties. Information provided by third parties is reviewed by our portfolio managers and utilized if it is determined relevant to our portfolio construction.

### **Investment Strategies We Use**

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At MJP Wealth Advisors, we believe that avoiding loss of principal is essential to long-term investment success. Our portfolios are designed to seek long-term returns with an added emphasis on principal protection. The primary goal for our portfolios is to preserve and grow principal through inflationary periods, deflationary periods and recessions.

In designing a portfolio MJP Wealth Advisors, attempts to minimize the portfolio's risk for a given amount of expected return by selecting the proportions of various asset classes or investment strategies rather than using individual securities.

Commission-free mutual funds, variable annuities and exchange-traded funds are investment vehicles used to gain access to the various asset classes and investment strategies. Some of the asset classes that MJP Wealth Advisors uses are: U.S equities, foreign developed market equities, emerging markets equities, dividend and revenue growth equities, global real estate, natural resources, gold and silver bullion, gold and silver mining equities, commodities, treasury inflation protected securities, (TIPS), municipal bonds, global corporate bonds, emerging markets bonds and global government bonds. MJP Wealth Advisors analyzes the expected return and volatility for each asset class to attempt to find the combination that delivers the most return for a given level of risk.

At MJP Wealth Advisors we continuously monitor our clients' portfolios and periodically replace investments due to valuation levels or changes in the global economic environment. In addition, we will periodically rebalance the clients' portfolios back to their target allocation. In making these changes, we take into consideration any tax implications for those clients who would be affected.

**Tax-Loss Harvesting:** Tax-loss harvesting is a technique used to lower a client's taxes while maintaining the risk/reward balance of the portfolio. An investment in the portfolio is sold to recognize investment losses that can be used to offset a client's other taxable gains and income on their income tax returns. These additional tax savings can be used to grow the value of the portfolio and increase the after-tax return of the portfolio.

When deemed appropriate for certain clients, MJP Wealth Advisors will also engage in the management of private placements, which carry specific risks:

**Private Equity:** Private equity is an equity investment into non-quoted companies. The private equity investor looks at an investment prospect as investing in a company as opposed to investing in a company's stock. Private equity funds hold illiquid positions (for which there is no active secondary market) and typically only invest in the equity and debt of target companies, which are generally taken private and brought under the private equity manager's control. Risks associated with private equity include:

- **Funding Risk:** The unpredictable timing of cash flows poses funding risks to investors. Commitments are contractually binding and defaulting on payments results in the loss of private equity partnership interests. This risk is also commonly referred to as default risk.
- **Liquidity Risk:** The illiquidity of private equity partnership interests exposes investors to asset liquidity risk associated with selling in the secondary market at a discount on the reported NAV.
- **Market Risk:** The fluctuation of the market has an impact on the value of the investments held in the portfolio.
- **Capital Risk:** The realization value of private equity investments can be affected by numerous factors, including (but not limited to) the quality of the fund manager, equity market exposure, interest rates and foreign exchange.

**Private Funds:** A private fund is an investment vehicle that pools capital from a number of investors and invests in securities and other instruments. In almost all cases, a private fund is a private investment vehicle that is typically not registered under federal or state securities laws. So that private funds do not have to register under these laws, issuers make the funds available only to certain sophisticated or accredited investors and cannot be offered or sold to the general public. Private funds are generally smaller than mutual funds because they are often limited to a small number of investors and have a more limited number of eligible investors. Many but not all private funds use leverage as part of their investment strategies. Private funds management fees typically include a base management fee along with a performance component. In many cases, the fund's managers may become "partners" with their clients by making personal investments of their own assets in the fund. Most private funds offer their securities by providing an offering memorandum or private placement memorandum, known as "PPM" for short.

The PPM covers important information for investors and investors should review this document carefully and should consider conducting additional due diligence before investing in the private fund. The primary risks of private funds include the following: (a) Private funds do not sell publicly and are therefore illiquid. An investor may not be able to exit a private fund or sell its interests in the fund before the fund closes.; and (b) Private funds are subject to various other risks, including risks

associated with the types of securities that the private fund invests in or the type of business issuing the private placement.

**Alternative Investments:** Hedge funds, digital assets, commodity pools, private equity, venture capital funds, Real Estate Investment Trusts (“REITs”), operating companies, infrastructure assets, Business Development Companies (“BDCs”), and other alternative investments involve a high degree of risk and can be illiquid due to restrictions on transfer and lack of a secondary trading market. They can be highly leveraged, speculative and volatile, and an investor could lose all or a substantial amount of an investment. Alternative investments may lack transparency as to share price, valuation and portfolio holdings. Complex tax structures often result in delayed tax reporting. Compared to mutual funds, hedge funds and commodity pools are subject to less regulation and often charge higher fees. Alternative investment managers typically exercise broad investment discretion and may apply similar strategies across multiple investment vehicles, resulting in less diversification.

**Cryptocurrency Products:** We may recommend investment in digital (crypto) currency products. These products may be an illiquid private placement or structured as a trust or exchange traded fund which pool capital together to purchase holdings of digital currencies or derivatives based on their value. Such products are extremely volatile and are suitable only as a means of diversification for investors with high-risk tolerances. Furthermore, these securities carry very high internal expense ratios, and may use derivatives to achieve leverage or exposure in lieu of direct cryptocurrency holdings. This can result in tracking error and may sell at a premium or discount to the market value of their underlying holdings. Security is also a concern for digital currency investments which make them subject to the additional risk of theft.

**Please Note:** Investing in securities involves risk of loss that clients should be prepared to bear. While the stock market may increase and your account(s) could enjoy a gain, it is also possible that the stock market may decrease and your account(s) could suffer a loss. It is important that you understand the risks associated with investing in the stock market, are appropriately diversified in your investments, and ask us any questions you may have.

#### **Description of Material, Significant or Unusual Risks**

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We generally invest client’s cash balances in money market funds, FDIC Insured Certificates of Deposit, high-grade commercial paper and/or government backed debt instruments. Ultimately, we try to achieve the highest return on our client’s cash balances through relatively low-risk conservative investments.

In most cases, at least a partial cash balance will be maintained in a money market account so that our firm may debit advisory fees for our services related to comprehensive portfolio management, asset management service and portfolio monitoring, as applicable.

### **Item 9. Disciplinary Information**

There are no legal or disciplinary events that are material to a client’s or prospective client’s evaluation of our advisory business or the integrity of our management.

## **Item 10. Other Financial Industry Activities And Affiliations**

Representatives of our firm are registered representatives of Arete Wealth Management, LLC, (“Arete Wealth Management”), member FINRA/SIPC, and licensed insurance agents. As a result of these transactions, they receive normal and customary commissions. A conflict of interest exists as these commissionable securities sales create an incentive to recommend products based on the compensation earned. To mitigate this potential conflict, our firm will act in the client’s best interest.

Please see Item 4 above for more information about the selection of Institutional Asset Managers. Prior to referring clients to third party advisors, our firm will ensure that third party advisors are licensed or notice filed with the respective authorities. A potential conflict of interest for our firm in utilizing a third party advisor is receipt of discounts or services not available to us from other similar advisors. In order to minimize this conflict our firm will make our recommendations/selections in the best interest of our clients.

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

As a fiduciary, it is an investment adviser’s responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. Our fiduciary duty is the underlying principle for our firm’s Code of Ethics, which includes procedures for personal securities transaction and insider trading. Our firm requires all representatives to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment with our firm, and at least annually thereafter, all representatives of our firm will acknowledge receipt, understanding and compliance with our firm’s Code of Ethics. Our firm and representatives must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. If a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

Our firm recognizes that the personal investment transactions of our representatives demands the application of a Code of Ethics with high standards and requires that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, our firm also believes that if investment goals are similar for clients and for our representatives, it is logical, and even desirable, that there be common ownership of some securities.

In order to prevent conflicts of interest, our firm has established procedures for transactions effected by our representatives for their personal accounts<sup>1</sup>. In order to monitor compliance with our personal trading policy, our firm has pre-clearance requirements and a quarterly securities transaction reporting system for all of our representatives.

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<sup>1</sup> For purposes of the policy, our associate’s personal account generally includes any account (a) in the name of our associate, his/her spouse, his/her minor children or other dependents residing in the same household, (b) for which our associate is a trustee or executor, or (c) which our associate controls, including our client accounts which our associate controls and/or a member of his/her household has a direct or indirect beneficial interest in.



Neither our firm nor a related person recommends, buys or sells for client accounts, securities in which our firm or a related person has a material financial interest without prior disclosure to the client.

Related persons of our firm may buy or sell securities and other investments that are also recommended to clients. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request.

Related persons of our firm may buy or sell securities for themselves at or about the same time they buy or sell the same securities for client accounts. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request. Further, our related persons will refrain from buying or selling the same securities prior to buying or selling in the same day for our clients. If related persons' accounts are included in a block trade, our related persons will always trade personal accounts last.

## **Item 12. Brokerage Practices**

### **Custodian & Brokers Used**

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Client assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. Our firm recommends the Schwab Advisor Services division of Charles Schwab & Co. Inc. ("Schwab"), a FINRA-registered broker-dealer, member SIPC, as a qualified custodian for clients. Our firm is independently owned and operated, and not affiliated with Schwab. Schwab will custody client assets in a brokerage account and buy and sell securities when instructed. While our firm recommends that clients use Schwab as their custodian/broker, clients will decide whether to do so and open an account with Schwab by entering into an account agreement directly with them. Our firm does not open the account.

### **How Brokers/Custodians Are Selected**

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Our firm seeks to recommend a custodian/broker who will hold client assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. A wide range of factors are considered, including, but not limited to:

- Combination of transaction execution services along with asset custody services (generally without a separate fee for custody).
- Capability to execute, clear and settle trades (buy and sell securities for client accounts).
- Capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.).
- Breadth of investment products made available (stocks, bonds, mutual funds, exchange traded funds (ETFs), etc.).
- Availability of investment research and tools that assist in making investment decisions quality of services.
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them.
- Business reputation, financial strength and stability of the provider.



- Prior service to our firm and our other clients.
- Availability of other products and services that benefit our firm, as discussed below (see “Products & Services Available”).

### **Custody & Brokerage Costs**

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Schwab generally does not charge a separate fee for custody services. Schwab is compensated by charging commissions or other fees to clients on trades that are executed or that settle into the their account. In addition to commissions, Schwab charges a flat dollar amount as a “prime broker” or “trade away” fee for each trade that our firm has executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into Schwab’s account. These fees are in addition to the commissions or other compensation paid to the executing broker-dealer. In order to minimize client trading costs, our firm has Schwab execute most trades for the accounts.

### **Products & Services Available**

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Schwab provides our firm and clients with access to its institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to Schwab’s retail customers. Schwab also makes available various support services. Some of those services help manage or administer our client accounts while others help manage and grow our business. Schwab’s support services are generally available on an unsolicited basis (our firm does not have to request them) and at no charge to our firm. The availability of Schwab’s products and services are not based on the provision of particular investment advice, such as purchasing particular securities for clients. A more detailed description of Schwab’s support services is included below:

#### **Services that Benefit Clients**

Schwab’s institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which our firm might not otherwise have access or that would require a significantly higher minimum initial investment by firm clients. These services generally benefit clients and their accounts.

#### **Services that May Not Directly Benefit Clients**

Schwab also makes available other products and services that benefit our firm but may not directly benefit clients or their accounts. These products and services assist in managing and administering our client accounts. They include:

- Investment research from Schwab and/or third-party research companies as selected by our firm (within specific parameters).
- Research reports on recommendations or other information about particular companies or industries.
- Economic surveys, data, and analyses.
- Financial publications.

This research may be used to service all or some substantial number of client accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provides access to client account data (such as duplicate trade confirmations and account statements).
- Facilitates trade execution and allocate aggregated trade orders for multiple client accounts.
- Provides pricing and other market data.
- Provides portfolio evaluation services.
- Facilitates payment of our fees from our clients' accounts.
- Assists with back-office functions, recordkeeping and client reporting.

### **Services that Generally Benefit Only Our Firm**

Schwab also offers other services intended to help manage and further develop our business enterprise. These services include:

- Educational conferences and events.
- Technology, compliance, legal, and business consulting.
- Publications and conferences on practice management and business succession.
- Access to employee benefits providers, human capital consultants and insurance providers.

Schwab may provide some of these services itself. In other cases, Schwab will arrange for third-party vendors to provide the services to our firm. Schwab may also discount or waive fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide our firm with other benefits, such as occasional business entertainment for our personnel.

### **Our Interest Schwab' Services**

The availability of these services from Schwab benefits our firm because our firm does not have to produce or purchase them. Our firm does not have to pay for these services, and they are not contingent upon committing any specific amount of business to Schwab in trading commissions or assets in custody. Without this arrangement, our firm might be compelled to purchase the same or similar services at our own expense.

In light of our arrangements with Schwab, a conflict of interest exists as our firm may have incentive to request that clients maintain their accounts with Schwab based on our interest in receiving the custodian's services that benefit our firm rather than based on the client's interest in receiving the best value in custody services and the most favorable execution of transactions. However, as part of our fiduciary duty to our clients, our firm will endeavor at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of such economic benefits by our firm or our related persons creates a potential conflict of interest and may indirectly influence our firm's choice of Schwab as a custodial recommendation. Our firm examined this potential conflict of interest when our firm chose to recommend Schwab and have determined that the recommendation of Schwab is in the best interest of our firm's clients and satisfies our fiduciary obligations, including our duty to seek best execution.

In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Although our firm will seek competitive rates, to the benefit of all clients, our firm may not necessarily obtain the lowest possible commission rates for specific client account transactions. Our firm believes that the selection of Schwab as a custodian and broker is the best

interest of our clients. It is primarily supported by the scope, quality and price of Schwab's services, and not Schwab's services that only benefit our firm.

Further, our firm does not receive soft dollars in excess of safe harbor from Schwab. As mentioned above and Item 14, Schwab provides our firm with assistance with providing our services to clients. However, there are no soft dollar benefits involved in servicing our client accounts.

### **Client Brokerage Commissions**

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We do not acquire client brokerage commissions (or markups or markdowns).

### **Brokerage for Client Referrals**

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Our firm receives client referrals from Schwab through the Schwab Advisor Network program. Therefore, our firm has an incentive to select or recommend Schwab based on receiving client referrals. Please refer to Item 14 below for further information related to this conflict of interest.

### **Directed Brokerage**

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Neither we nor any of our firm's related persons have discretionary authority in making the determination of the brokers with whom orders for the purchase or sale of securities are placed for execution, and the commission rates at which such securities transactions are affected. Our firm recommends the use of a particular broker-dealer from time to time but does not request or require the client direct us to execute trades through a specified broker-dealer. In certain instances, clients may seek to limit or restrict our discretionary authority in making the determination of the brokers with whom orders for the purchase or sale of securities are placed for execution, and the commission rates at which such securities transactions are affected. Clients may seek to limit our authority in this area by directing that transactions (or some specified percentage of transactions) be executed through specified brokers in return for portfolio evaluation or other services deemed by the client to be of value. Any such client direction must be in writing (often through our advisory agreement) and may contain a representation from the client that the arrangement is permissible under its governing laws and documents, if this is relevant. We provide appropriate disclosure in writing to clients who direct trades to particular brokers, that with respect to their directed trades, they will be treated as if they have retained the investment discretion that we otherwise would have in selecting brokers to effect transactions and in negotiating commissions and that such direction may adversely affect our ability to obtain best price and execution. In addition, we will inform you in writing that your trade orders may not be aggregated with other clients' orders and that direction of brokerage may hinder best execution.

### **Special Considerations for ERISA Clients**

A retirement or ERISA plan client may direct all or part of portfolio transactions for its account through a specific broker or dealer in order to obtain goods or services on behalf of the plan. Such direction is permitted provided that the goods and services provided are reasonable expenses of the plan incurred in the ordinary course of its business for which it otherwise would be obligated and empowered to pay. ERISA prohibits directed brokerage arrangements when the goods or services purchased are not for the exclusive benefit of the plan. Consequently, we will request that plan sponsors who direct plan brokerage provide us with a letter documenting that this arrangement will be for the exclusive benefit of the plan.

We allow clients to direct brokerage, however, we may be unable to achieve the most favorable execution of client transactions. Client directed brokerage may cost clients more money. For example, in a directed brokerage account, the client may pay higher brokerage commissions because we may not be able to aggregate orders to reduce transaction costs, or you may receive less favorable prices.

### **Aggregation of Purchase or Sale**

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We perform investment management services for various clients. There are occasions on which portfolio transactions may be executed as part of concurrent authorizations to purchase or sell the same security for numerous accounts served by our firm, which involve accounts with similar investment objectives. Although such concurrent authorizations potentially could be either advantageous or disadvantageous to any one or more particular accounts, they are affected only when we believe that to do so will be in the best interest of the effected accounts. When such concurrent authorizations occur, the objective is to allocate the executions in a manner which is deemed equitable to the accounts involved.

In any given situation, we attempt to allocate trade executions in the most equitable manner possible, taking into consideration client objectives, current asset allocation and availability of funds using price averaging, proration and consistently non-arbitrary methods of allocation.

## **Item 13. Review Of Accounts Or Financial Plans**

We review accounts on at least an annual basis for our clients subscribing to our Asset Management services. The nature of these reviews is to learn whether clients' accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. Only our Financial Advisors or Portfolio Managers will conduct reviews. We do not provide written reports to clients, unless asked to do so. Verbal reports to clients take place on at least an annual basis when we meet with clients who subscribe to our Asset Management service.

We may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc.

Retirement Plan Consulting clients receive reviews on at least an annual basis of their retirement plans for the duration of the service. Our firm also provides ongoing services where clients are met with upon their request to discuss updates to their plans, changes in their circumstances, etc. Retirement Plan Consulting clients do not receive written or verbal updated reports regarding their plans unless they choose to engage our firm for ongoing services.

Financial Planning and Consulting clients do not receive reviews of their written plans unless they take action to schedule a financial consultation with us. Further, Financial Planning and Consulting clients do not receive written or verbal updated reports regarding their financial plans unless they separately contract with us for a post-financial plan meeting or update to their initial written financial plan. We do not provide ongoing services to financial planning clients, but are willing to meet with such clients upon their request to discuss updates to their plans, changes in their circumstances, etc.

## Item 14. Client Referrals And Other Compensation

### Schwab

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Our firm receives economic benefit from Schwab in the form of the support products and services made available to our firm and other independent investment advisors that have their clients maintain accounts at Schwab. These products and services, how they benefit our firm, and the related conflicts of interest are described above (*see Item 12 – Brokerage Practices*). The availability of Schwab's products and services is not based on our firm giving particular investment advice, such as buying particular securities for our clients.

In addition, our firm receives client referrals from Charles Schwab & Co., Inc. ("Schwab") through our participation in Schwab Advisor Network® ("the Service"). The Service is designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with our firm. Schwab does not supervise our firm and has no responsibility for our firm's management of clients' portfolios or our firm's other advice or services. Our firm pays Schwab fees to receive client referrals through the Service. Our firm's participation in the Service raises potential conflicts of interest described below.

Our firm pays Schwab a Participation Fee on all referred clients' accounts that are maintained in custody at Schwab and a separate one-time Transfer Fee on all accounts that are transferred to another custodian. The Transfer Fee creates a conflict of interest that encourages our firm to recommend that client accounts be held in custody at Schwab. The Participation Fee paid by our firm is a percentage of the value of the assets in the client's account. Our firm pays Schwab the Participation Fee for so long as the referred client's account remains in custody at Schwab. The Participation Fee and any Transfer fee is paid by our firm and not by the client. Our firm has agreed not to charge clients referred through the Service fees or costs greater than the fees or costs our firm charges clients with similar portfolios who were not referred through the Service.

The Participation and Transfer Fees are based on assets in accounts of our firm's clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, we will have incentives to recommend that client accounts and household members of clients referred through the Service maintain custody of their accounts at Schwab.

### Referral Fees

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Apart from our firm's participation in the Schwab Advisor Network®, our firm does not provide cash or non-cash compensation directly or indirectly to unaffiliated persons for testimonials or endorsements (which include client referrals) to our firm in accordance with Rule 206 (4)-1 of the Investment Advisers Act of 1940.

## Item 15. Custody

### Direct Debiting:

All client assets are maintained by a qualified custodian. All of our clients receive account statements directly from their qualified custodians at least monthly upon opening of an account. If our firm

decides to also send account statements to clients, such notice and account statements include a legend that recommends that the client compare the account statements received from the qualified custodian with those received from our firm.

Standing Letters of Authorization for Third Party Money Movements:

The SEC issued a no-action letter (“Letter”) with respect to the Rule 206(4)-2 (“Custody Rule”) under the Investment Advisers Act of 1940 (“Advisers Act”). The letter provided guidance on the Custody Rule as well as clarified that an adviser who has the power to disburse client funds to a third party under a standing letter of instruction (“SLOA”) is deemed to have custody. As such, our firm has adopted the following safeguards in conjunction with our custodian, Schwab:

- The client provides an instruction to the qualified custodian, in writing, that includes the client’s signature, the third party’s name, and either the third party’s address or the third party’s account number at a custodian to which the transfer should be directed.
- The client authorizes the investment adviser, in writing, either on the qualified custodian’s form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
- The client’s qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client’s authorization, and provides a transfer of funds notice to the client promptly after each transfer.
- The client has the ability to terminate or change the instruction to the client’s qualified custodian.
- The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client’s instruction.
- The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
- The client’s qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

Clients are encouraged to raise any questions with us about the custody, safety or security of their assets and our custodial recommendations.

## **Item 16. Investment Discretion**

We maintain discretionary authority over most of our client accounts. Our clients need to execute a discretionary investment advisory agreement with our firm for the management of their account.

## **Item 17. Voting Client Securities**

We do not accept the proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to our firm, we will forward them on to you and ask the party who sent them to mail them directly to you in the future. Clients may call, write or email us to discuss questions they may have about particular proxy votes or other solicitations.

## Item 18. Financial Information

### **Inclusion of a Balance Sheet**

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Our firm does not require nor is prepayment solicited for more than \$1,200 in fees per client, 6 months or more in advance. Therefore our firm has not included a balance sheet for our most recent fiscal year.

### **Disclosure of Financial Condition**

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Our firm has nothing to disclose in this regard.

### **Bankruptcy Petition**

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Our firm has nothing to disclose in this regard.