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**Part 2A of Form ADV:  
Firm Brochure  
March 2024**

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This Firm Brochure provides information about the qualifications and business practices of Dean, Jacobson Financial Services, LLC. If clients have any questions about the contents of this brochure, please contact Dean, Jacobson Financial Services, LLC at (817) 335-3214.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or any state securities authority.

Additional information about Dean, Jacobson Financial Services, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Please be aware, the use of the term 'Registered Investment Adviser' does not imply a certain level of skill or training.

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## **Item 2 – Material Changes**

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Dean, Jacobson Financial Services, LLC's (hereinafter "DJFS", "the firm", or "Adviser") last annual amendment filing was dated 03/20/2023.

Since the last annual amendment filed on 03/20/2023, the following changes have been made:

Our firm has updated Item 4 of our Firm Brochure to disclose the principal owners are Jeffrey J. Schmeltekopf, Timothy C. Lowry, and Jonathan E. Dumas.

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## **Item 4 – Advisory Business**

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Dean, Jacobson Financial Services, LLC has been in business since 1967 and has been registered as a Registered Investment Adviser since 1997. The principal owners are Jeffrey J. Schmeltekopf, Timothy C. Lowry, and Jonathan E. Dumas.

### **Asset Management**

DJFS emphasizes continuous and regular account supervision through the Strategic Wealth Management (“SWM”) platform, one of the most comprehensive platforms through LPL. As part of its asset management service, Adviser generally uses one of seven model portfolios within SWM, which are further described in Item 8, consisting of mutual funds, exchange traded funds (“ETFs”), and other public and private securities or investments. Individual stocks and bonds may also be used. The client’s individual investment strategy is tailored to their specific needs and may include some or all of the previously mentioned securities. Each portfolio will be initially designed to meet a particular investment goal, which Adviser, through discussions with and inputs from the client, will determine to be suitable to the client’s circumstances. Once the appropriate portfolio has been determined, Adviser will review the portfolio at least annually and if necessary, rebalance the portfolio based upon the client’s individual needs, stated goals, and objectives. Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio.

### **LPL Financial Sponsored Advisory Programs**

DJFS may provide advisory services through certain programs sponsored by LPL Financial, LLC (LPL), member FINRA/SIPC. Below is a brief description of each LPL advisory program available to the firm’s clients. For more information regarding LPL programs, including more information on the advisory services and fees that apply, the types of investments available in the programs and the potential conflicts of interest presented by the programs; please see LPL Financial’s Form ADV Part 2A Firm Brochure, Form ADV Part 2A Appendix A Wrap Fee Program Brochure, and the applicable client agreement.

Adviser will assist each client with determining the suitability of each program as well as setting an appropriate investment objective.

#### Optimum Market Portfolios Program (OMP)

OMP offers clients the ability to participate in a professionally managed asset allocation program using Optimum Funds Class I shares. Under OMP, clients will authorize LPL, on a discretionary basis, to purchase and sell Optimum Funds pursuant to the investment objectives chosen by the client. Adviser will have discretion to select a mutual fund asset allocation portfolio designed by LPL consistent with the client’s investment objective. LPL will have discretion to purchase and sell Optimum Funds pursuant to the portfolio selected for the client. LPL will also have authority to rebalance the account. A minimum account value of \$10,000 is required for OMP.

#### Personal Wealth Portfolios Program (PWP)

PWP offers clients an asset management account using asset allocation model portfolios designed by LPL. Adviser will have discretion for selecting the asset allocation model portfolio based on client’s investment objective. Adviser will also have discretion for selecting third party money

managers (PWP Advisers) or mutual funds within each asset class of the model portfolio. LPL will act as the overlay portfolio manager on all PWP accounts and will be authorized to purchase and sell on a discretionary basis mutual funds and equity and fixed income securities. A minimum account value of \$250,000 is required for PWP.

#### Model Wealth Portfolios Program (MWP)

MWP offers clients a professionally managed mutual fund asset allocation program. Adviser will have discretion to select a model portfolio designed by LPL's Research Department consistent with the client's stated investment objective. LPL's Research Department is responsible for selecting the mutual funds within a model portfolio and for making changes to the mutual funds selected.

The client will authorize LPL to act on a discretionary basis to purchase and sell mutual funds (including in certain circumstances exchange traded funds) and to liquidate previously purchased securities. The client will also authorize LPL to effect rebalancing for MWP accounts.

In the future, the MWP program may make available model portfolios designed by strategists other than LPL's Research Department. If such models are made available, Adviser will have discretion to choose among the available models designed by LPL and outside strategists. A minimum account value of \$25,000 is required for MWP.

#### Manager Access Select (MAS) and Manager Access Network (MAN)

MAS and MAN are separate account platforms that offer high-net-worth clients the ability to access a variety of institutional portfolio managers at significantly lower account minimums. This enables clients to enjoy a higher level of specialization and service through the ownership of individual securities. The client, with the Adviser's guidance, can choose from a broad range of portfolio managers and multiple investment styles including equity, fixed income, asset classes, mutual funds, ETFs, and specialty strategies. Adviser will have discretion for selecting third-party money managers and model portfolio options, based on client's investment objectives. LPL will be authorized to purchase and sell mutual funds, equity, and fixed income securities on a discretionary basis. A minimum account value of \$100,000 is required for MAS/MAN.

Adviser receives compensation as a result of a client's participation in an LPL program. The compensation received depends on many factors including but not limited to, the size of the account, changes in its value over time, the ability to negotiate fees or commissions, and/or the number of transactions. The amount of this compensation may be more or less than what Adviser would receive if the client participated in other programs, whether through LPL or another sponsor, or paid separately for investment advice, brokerage and other services.

#### **Ability of Clients to Impose Restrictions on Investing in Certain Securities or Types of Securities:**

Clients have the opportunity to place reasonable restrictions on the types of investments to be held in their portfolio. However, restrictions on investments in certain securities or types of securities may not be possible due to the level of difficulty this would entail in managing the account.

#### **Participation in Wrap Fee Programs**

DJFS offers wrap fee programs as further described in Part 2A, Appendix 1 (the "Wrap Fee Program Brochure"). DJFS's wrap fee and non-wrap fee accounts are managed on an individualized basis

according to the client's investment objectives, financial goals, and risk tolerance, among other factors. Adviser does not manage wrap fee accounts in a different fashion than non-wrap fee accounts. As further described in the Wrap Fee Program Brochure, Adviser receives all or a portion of the wrap fee for its services.

### **Assets under Management**

Adviser manages \$409,549,486 on a discretionary basis and \$0 on a non-discretionary basis as of December 31, 2023.

### **Financial Planning & Consulting Services**

Adviser offers two levels of comprehensive financial planning programs, as well as various levels of modular planning.

Level A: Comprehensive financial plans are produced through Adviser's WealthVision system. This level is primarily for clients who have more complex estates, high net worth, invested assets of at least \$2 million, and a broad diversity of account and asset holdings. WealthVision allows Adviser to aggregate client holdings on the client's personal, encrypted website with automatic daily updates. It also provides numerous other features and conveniences available through 24/7 worldwide internet access.

Level B: Comprehensive financial plans are produced through a different proprietary planning system. While equally robust to WealthVision's projection calculations, this level of planning does not offer the aggregation of assets to a client's personal website with automatic daily updates. Instead, this information is updated into the plan at regular intervals to provide accurate projections and analyses. This level of planning, as with level A, incorporates comprehensive financial planning and wealth management in order to help clients achieve their goals. This level is for clients who have at least \$500,000 of invested assets and a net worth of at least \$1 million or who have high income and anticipate their wealth growing at a rapid pace due to aggressive accumulation and savings.

These services involve taking a proactive and personalized approach to create a consistent, cohesive strategy to address a client's goals, as well as consolidating and coordinating other important professionals and expertise needed in the planning process. These services are driven, beginning to end, by the needs and goals of a client. Strategies can be developed only after appropriate data has been gathered and evaluated. This information is discussed with the client in an attempt to present it in the proper context. Finally, implementation, continuous monitoring and necessary modifications are all important parts of the process.

Adviser recognizes that not all clients desire the full breadth of services that Adviser provides through its level A and B comprehensive financial plans and wealth management services. Thus, Adviser offers specific services that clients may request and need as modular plans. These may consist of insurance, investments, retirement, or other areas of planning advice.

Clients must set their goals and define the role Adviser will play. It is Adviser's responsibility to educate clients in the process and to assist them with defining, quantifying, and prioritizing their goals.

Comprehensive financial planning and wealth management services may include, but are not limited to, the following areas:

### Estate Planning

Estate Planning, in its simplest form, means planning for the disposition or distribution of assets upon death. A good estate plan has three goals:

1. To make sure the client's wealth reaches the individuals or organizations the client selects in the manner that they choose
2. To minimize the effect of federal or state taxes on the client's estate
3. To allow clients to select who will handle various functions on their behalf

### Retirement Planning

Adviser will help the client make a realistic appraisal of their financial situation, make reasonable projections, balance their immediate financial needs with long-term plans, find opportunities to defer and minimize taxes, and match their needs and goals with appropriate financial products and investment strategies.

### Tax Planning

Adviser takes into consideration the tax implications surrounding financial planning recommendations. Clients may engage Adviser to review their tax situation for planning ideas to reduce and defer taxes, provide an explanation of current changes in the tax law and review investments from a tax perspective.

Adviser believes that there are five fundamental strategies for tax reduction:

1. Timing income and expenses
2. Converting taxable income to non-taxable income
3. Deferring taxes to a subsequent year
4. Shifting taxable income to someone in a lower tax bracket
5. Deducting expenses

The process is adjusted as a client's goals and personal financial situation changes. Tax planning may require coordination with qualified accountants, as needed.

### Business Evaluation and Succession Planning

Adviser, in conjunction with attorneys and accountants, can help a client structure a succession plan that is consistent with their financial goals and needs and can provide both short-term and long-term security regarding ownership control and their overall financial well-being. This generally is done in conjunction with other Financial Planning and Consulting services, most specifically Exit Planning, and typically includes developing a business-plan, analyzing the tax ramifications associated with various decisions, and/or making recommendations regarding existing Buy-Sell Agreements and alternatives for how they can be funded. Business Evaluation and Succession Planning provided by Adviser is far more an overview and more general in scope than Exit Planning.

### Exit Planning

Adviser helps business owners convert what is typically their largest financial asset (the business) into cash and move successfully into their post-business lives. Adviser's process helps business owners focus on their ultimate goals by developing a specific, customized, and executable roadmap through the often complex steps of business succession so that it can be implemented at the right time, in the right context, and by the right people. Adviser's hands-on approach strives to help business owners maximize the financial return, minimize the tax liability, plan for contingencies, and increase the likelihood of a successful transfer of the business. This process will result in creating a customized roadmap that typically takes at least nine months to develop and will involve combining the expertise of multiple professional advisors to address tax, legal, business and even life/death issues. Due to the unique, comprehensive, and ongoing nature of Exit Planning, this specialized service has a separate fee structure, which can range from a flat fee of \$10,000 to a floating fee that is based on a percentage of the net value of the business. All fees will be fully disclosed in a separate Exit Plan Agreement that will be agreed to and signed by the client. Other professional service costs, such as legal, accounting, appraisal, etc., typically occur and are separate from Adviser's fees.

### Charitable Gift Planning

Adviser's role in charitable gift planning is to help a client carefully design their estate plan to help facilitate clients' philanthropic ambitions while satisfying other important financial concerns. Charitable gift planning may also entail using various vehicles and techniques to minimize or avoid certain income, estate, and gift taxes. Charitable gift planning may also require coordination with qualified estate and charitable gift planning attorneys. This area of planning process can include lifetime giving as well as legacy and testamentary gifts.

### Risk Management & Asset Protection

Adviser helps a client to determine the possibilities and probabilities associated with a particular risk, assess the financial consequences should the risk occur, and effectively deal with the risks. This may include using transference, avoidance, reduction, and retention strategies.

Adviser analyzes a client's exposure to liability claims (such as medical malpractice or bankruptcy) or unnecessary and avoidable taxation. Adviser works with accountants, attorneys, and insurance companies to develop appropriate strategies that may include but are not limited to, creating wills, trusts, forming appropriate corporate structures, choosing retirement vehicles, and securing appropriate insurance coverage.

### **Financial Planning & Consulting Conflicts of Interest**

There is a potential conflict of interest because there is an incentive for Adviser offering financial planning services to recommend products or services for which Adviser or an adviser representative may receive compensation. However, financial planning clients are under no obligation to act upon any recommendations of Adviser or to execute any transactions through Adviser or its adviser representative if they decide to follow the recommendations.



## **Retirement Plan Consulting:**

Adviser provides retirement plan consulting services to employer plan sponsors on an ongoing basis. Generally, such consulting services consist of assisting employer plan sponsors in establishing, monitoring, and reviewing their company's participant-directed retirement plan. As the needs of the plan sponsor dictate, areas of advising could include investment options, plan design and participant education.

Retirement Plan Consulting services typically include:

- Establishing an Investment Policy Statement (IPS) – Adviser will assist in the development of an IPS that summarizes the investment goals and objectives along with the broad strategies to be employed to meet the objectives of the plan and participants;
- Investment Options – Adviser will work with the Plan Sponsor to evaluate existing investment options and make recommendations for appropriate investment options and parameters under which changes should be considered;
- Asset Allocation and Portfolio Construction – Adviser will help educate participants about strategic asset allocation and in developing strategies to meet their investment objectives, time horizon, financial situation, and tolerance for risk;
- Investment Monitoring – Adviser will monitor the plan's core investments and notify client regarding each investment's performance across several benchmark criteria.

In providing services for retirement plan consulting, Adviser does not provide any advisory services with respect to the following types of assets: employer securities, real estate (excluding real estate funds), participant loans, non-publicly traded securities or assets, other illiquid investments, or brokerage window programs (collectively, "Excluded Assets").

All retirement plan consulting services shall be in compliance with the applicable state laws 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 Adviser accepts appointments to provide services to such accounts, Adviser acknowledges its fiduciary standard within the meaning of Section 3(21) or 3(38) of ERISA as designated by the Retirement Plan Consulting Agreement with respect to the provision of services described therein.

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## **Item 5 – Fees and Compensation**

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### **Asset Management Maximum Fees**

The maximum annual fee to be charged to the client's account(s) will not exceed 1.60%. The fee to be assessed to each account will be detailed in the client's signed advisory agreement, LPL Account Application. Our firm bills on cash unless indicated otherwise in writing.

Fees are billed on a pro-rata basis, quarterly in advance based on the value of the account(s) on the last day of the previous quarter. Fees are negotiable and will be deducted from the account(s). Please note that LPL Financial will make adjustments for deposits and withdrawals in client accounts held at LPL which could result in a higher fee. Advisory fees will be equal to the value of the account on the last day of the previous quarter, times the client Fee % (per annum), divided by the number of days in the agreed upon year, and multiplied by the actual number of days in the quarter. Adviser assumes a 360-day year and quarters lasting 90 days for accounts custodied at LPL Financial. If

accounts are opened during the quarter, the pro-rata advisory fees will be deducted during the next regularly scheduled billing cycle. In rare cases, Adviser will agree to direct bill clients. As part of this process, clients understand the following:

- (a) LPL, as the client's custodian, sends statements at least quarterly, showing all disbursements for each account, including the amount of the advisory fees paid to Adviser;
- (b) Clients provide authorization permitting LPL to deduct these fees;
- (c) LPL calculates the advisory fees for all fee schedules and deducts them from the client's account.

### **LPL Financial Sponsored Advisory Program Maximum Fees**

The account fee charged to the client for each LPL advisory program is negotiable, subject to the following maximum account fees:

<b>Advisory Program</b>	<b>Annual Fee</b>
Manager Access Network ("MAN")	Up to 1.60%
Manager Access Select ("MAS")	Up to 1.60%
Model Wealth Portfolio ("MWP")	Up to 1.60%
Optimum Market Portfolio ("OMP")	Up to 1.60%
Personal Wealth Portfolio ("PWP")	Up to 1.60%

LPL serves as program sponsor, investment advisor and broker-dealer for the LPL advisory programs. Adviser and LPL may share in the account fee and other fees associated with program accounts. Associated persons of Adviser may also be registered representatives of LPL.

Adviser receives compensation as a result of a client's participation in an LPL program. Depending on, among other things, the type and size of the account, type of securities held in the account, changes in its value over time, the ability to negotiate fees or commissions, the historical or expected size or number of transactions, and the number and range of supplementary advisory and client-related services provided to the client, the amount of this compensation may be more or less than what Adviser would receive if the client participated in other programs, whether through LPL or another sponsor, or paid separately for investment advice, brokerage and other services.

The account fee may be higher than the fees charged by other investment advisors for similar services. Clients should consider the level and complexity of the advisory services to be provided when negotiating the account fee (or the advisor fee portion of the account fee, as applicable) with Adviser. With regard to accounts utilizing third-party portfolio managers under aggregate, all-in-one account fee structures (including MAS, PWP and the legacy MWP fee structure), because the portion of the account fee retained by Adviser varies depending on the portfolio strategist fee associated with a portfolio, Adviser has a financial incentive to select one portfolio instead of another portfolio.

The MWP account fee consists of an LPL program fee, a strategist fee (if applicable) and an advisor fee of up to 1.60%. Accounts remaining under the legacy fee structure may be charged one aggregate account fee, for which the maximum account fee is 1.60%. See the MWP program brochure for more information.

### **Other Types of Fees**

Non-Wrap clients will incur transaction charges for trades executed in their accounts. These transaction fees are separate from Adviser's management fee.

LPL Financial offers a trading platform with select exchange traded funds ("ETFs") that do not charge transaction fees. The no-transaction-fee ETF trading platform is available to clients participating in LPL Financial's Strategic Wealth Management ("SWM") program. Clients will be subject to transaction fees charged by LPL Financial for ETFs not included in LPL Financial's platform and for other types of securities. The limited number of ETFs available on LPL Financial's no-transaction fee platform may have higher overall expenses than other types of securities and ETFs not included in the platform. Other major custodians have eliminated transaction fees for all ETFs and U.S. listed equities, so clients may pay more for investing in the same securities at LPL Financial.

Also, clients will pay the following separately incurred expenses, which Adviser does not receive any part of: charges imposed directly by a mutual fund, index fund, or exchange traded fund; which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses) and/or sub-account manager fees incorporated into LPL Financial Sponsored Advisory Programs (which fees will be disclosed in the account agreement) . It is the ongoing intent of Adviser to minimize overall costs consistent with the various account types in a manner that is in the best long-term interest of the client.

Wrap fee clients will receive Form ADV, Part 2A, Appendix 1 (the "Wrap Fee Program Brochure"). Wrap fee clients will not incur transaction costs for trades. More information about this is disclosed in a separate Wrap Fee Program Brochure.

### **Termination of Asset Management Agreement**

Either party may terminate the signed advisory agreement at any time. Upon receipt of your notice of termination, LPL will process a pro-rate refund of the unearned portion of the advisory fees charged in advance at the beginning of the quarter.

### **Receipt of Additional Compensation**

Supervised persons may receive brokerage or mutual fund trail commissions from the sale of securities in their capacity as registered representatives of LPL Financial, a registered broker-dealer, member of the Financial Industry Regulatory Authority, Inc. ("FINRA"), the Securities Investor Protection Corporation ("SIPC"), and a Registered Investment Adviser.

This practice may present a potential conflict of interest as it provides an incentive to recommend investment products based on the compensation to be received rather than on the client's needs. Adviser monitors trading practices and regularly reviews client securities transactions in order to protect clients against this conflict of interest. Clients are advised that they are not required to purchase or sell securities through the investment adviser representatives acting in the capacity of registered representatives of LPL Financial and may purchase the same securities or products from broker-dealers of their choice.

Also, Adviser will never receive fees and commissions from the same assets (known as "double dipping").

### **Financial Planning & Consulting Range of Fees**

Level A: For Level A planning, clients are charged a fixed fee that ranges from \$1,500 to \$20,000 for initial setup. This is typically calculated based on various criteria such as net-worth, complexity of the estate, and the depth of work and personnel required for the initial set-up. A deposit of 50% of the initial financial planning fee is due upon signing a Client Agreement and the balance due upon completion of the contracted services. Adviser also provides retainer consulting services related to Level A planning and wealth management services. Adviser charges a fixed renewal fee that does not exceed \$2,500 on an annual basis.

Level B: For Level B planning, clients are charged a fixed fee that ranges from \$500 to \$5,000 for an initial setup and written financial plan. This is typically calculated based on various criteria such as net-worth, complexity of the estate, and the depth of work and personnel required for the initial set-up. A deposit of 50% of the initial financial planning fee is due upon signing a Client Agreement and the balance due upon final delivery of the written plan. Adviser also provides retainer consulting and wealth management services related to the financial plan that was created for a client. Adviser charges a fixed renewal fee that does not exceed \$1,500 on an annual basis.

Modular: Adviser may offer modular planning on a fixed fee basis or bill for such services on an hourly rate. Prior to engagement, Adviser will provide clients with the cost of the service to be provided and what, if any, deposit will be required. Modular services that are not set up on a fixed fee and for services that are not covered in the signed Client Agreement will be billed at an hourly rate that ranges from \$75 to \$350. Hourly fees are payable as services are performed. All fees are based on the level of expertise necessary to deliver the services and range of services being provided. Exit Plans are considered Modular planning, but may, and usually do, incorporate Level A or B planning as well.

If clients elect to implement recommendations made during the planning or consulting process, their accounts may incur transaction costs, retirement plan administration fees, mutual fund annual expenses and other fees. These fees are in addition to and separate from other services offered through Adviser.

### **Termination of Financial Planning Agreement**

A planning or consulting client will have a period of five (5) business days from the date of signing a Client Agreement to unconditionally rescind the agreement and receive a full refund of all fees. Thereafter, the client may terminate the agreement by providing Adviser with written notice prior to delivery of the plan or completion of the service.

Upon receipt of letter of termination, Adviser will process a refund of unearned fees paid in advance by the client, prorated based on work already done on the client's behalf. If fees are payable after services are performed, there are no unearned fees. The client is not due a refund upon early termination of a contract. However, under these circumstances, fees are prorated to the date of termination based on the prorated work already completed.

### **Retirement Plan Consulting:**

Retirement Plan Consulting services are billed on an hourly or flat fee basis or 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 maximum hourly fee to be charged will not exceed \$350. Our flat fees range from \$750 to \$10,000. Fees based on a percentage of managed Plan assets will not exceed 1.30%. The fee-paying arrangements for Retirement Plan Consulting service will be determined on a case-by-case basis and will be detailed

in the signed consulting agreement. Fees will be automatically deducted from plan assets by a qualified custodian. In rare cases, Adviser will agree to directly bill clients.

### **Termination of Retirement Plan Consulting**

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 five (5) business days of signing an agreement. After five (5) business days from initial signing, either party must provide the other party thirty (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 Adviser 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.

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

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Adviser does not charge or receive, directly or indirectly, any performance-based fees.

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## **Item 7 – Types of Clients**

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Adviser provides advisory services to:

- Individuals – An individual, their trusts, estates, 401(k) plans and IRAs, as well as those of their immediate family members count as one individual. Businesses organized as sole proprietorships are considered separate entities;
- High net worth individual – An individual who is a “qualified client” under rule 205-3 of the Advisers Act of 1940 or is a “qualified purchaser”;
- Pension and profit sharing plans (other than plan participants);
- Charitable Organizations and Endowments;
- Corporations or other business types.

### **Account Minimums**

For LPL’s Financial Sponsored Advisory Programs, there may be account minimums. Please see Item 4 of this Brochure.

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

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Adviser’s goal is to achieve risk-adjusted returns in client portfolios consistent with the clients’ goals and resources. The specific risk/return characteristics of each client’s portfolio are tied to the selection of their strategic asset allocations.

Adviser believes that mutual funds represent the best method of investing for most investors. Adviser uses actively managed mutual funds, as well as index-linked ETFs (a passive investment strategy). Adviser may also incorporate individual securities (stocks and bonds), Business Development Companies (BDCs), Master Limited Partnerships (MLPs), Private Equity, and other unique investment offerings to clients who qualify.

Adviser generally uses seven model portfolios, each composed of actively managed mutual funds, index-linked exchange traded funds (ETFs), or a combination of both. Most of Adviser's model portfolios also incorporate both strategic (qualitative) and tactical (quantitative) investment strategies. These portfolios range from balanced/conservative to aggressive/growth with varying levels of tax efficiencies. Although ETFs and mutual funds may lose value, DJFS believes that their breadth of diversification enhances the chance of long-term success in both up and down markets.

## **Funds**

Adviser analyzes various factors, including fund management experience, performance consistency, expenses, and manager discipline. Adviser focuses on identifying mutual fund managers that have provided consistently strong performance year after year relative to a meaningful peer group and benchmark.

Adviser looks for managers who have a clear philosophy and consistently implement it through a disciplined process in the belief that those managers are more likely to be able to replicate their results. When Adviser's opinion changes on a mutual fund, it is usually because of a fundamental change in the fund or its management, not simply due to a shift in short-term performance.

A short period of under-performance relative to peers or a benchmark doesn't always indicate that the fund manager has lost their touch. It may in fact simply demonstrate that the fund manager remains true to the fund's style regardless of short-term changes in the market.

Through the ongoing process of monitoring client portfolios, Advisor watches for several types of events in conjunction with poor performance. These events trigger an in-depth review of a fund and primarily include:

- Change in fund management company ownership;
- A new portfolio manager;
- Significant change in asset allocation;
- Substantial drift in investment style; and/or
- Sustained under-performance.

## **Strategic Asset Allocation**

Adviser believes strongly in Strategic Asset Allocation. Asset allocation is the process of constructing a diversified portfolio from a wide range of different asset classes. An asset class is a broad group of similar securities such as corporate bonds, large company stocks, or foreign company stocks as opposed to a single stock or bond. Examples of other asset classes would include high-yield bonds, small company stocks, U.S. Treasury bills, and real estate.

Adviser believes that the most important type of asset allocation is Strategic Asset Allocation ("SSA"). This involves setting a long-term investment policy, establishing weightings for various asset classes, as well as dynamic core holdings, and making few changes over the short run unless there is a specific change in the investor's objectives. This approach is based on qualitative, manager-specific research and data.

Academic research has demonstrated that the performance of different asset classes is not always closely related; some rise in value at the same time others are declining. Asset allocation strategies take advantage of this lack of correlation to build portfolios that are unlikely to have assets that all

do well or poorly at the same time. As a result, a well-diversified portfolio can weather various market conditions and potentially provide less volatility through investment cycles. Although no investment policy can guarantee success, SAA may help enhance portfolio returns by reducing volatility.

### **Dynamic Asset Allocation**

Since the year 2000, investors have experienced two of the most significant bear markets since the Great Depression, as well as one of the longest running bull markets in history. Various sectors of the economy have also experienced a significant increase in volatility in recent years. In response to this, Adviser believes that its core [Strategic Asset Allocation] investment approach should be augmented by adding a specialized tactical approach for specific models and suitable clients. This tactical strategy is called Dynamic Asset Allocation (DAA). This approach is based on quantitative, broad-market research and data.

DAA relies on quantitative market measures to determine its exposure to specific market indices. DAA attempts to avoid protracted market declines while allowing for participation in protracted market rallies.

This tactical strategy attempts to capitalize on both market momentum and mean reversion (the tendency of assets to revert toward their long-term trend line after momentum has ventured “too far” away – either up or down). Through this process, Adviser seeks not only to enhance long-term returns, but more important, to expand its capability to protect against significant market downturns through disciplined “sell” strategies.

DAA can include high risk of loss since it looks at an aggregate market versus a specific security. DAA’s risk includes the potential for missing out on beneficial movements in price due to an error in timing. Markets often make sudden unexpected moves, which can cause a strategy like DAA to get ‘whipsawed,’ causing the strategy to trigger to buy an index at a price that is higher than the previous selling point, or to sell at a price that is lower than the previous buy-in point. In fact, our research indicates that this occurrence can happen more often than not. Therefore, this could potentially cause harm to the value of an investor’s portfolio because of purchasing too high or selling too low.

**Defensive Strategy Risk:** Defensive strategies are primarily used in periods of high volatility or economic uncertainty and aimed at reducing exposure to the equity market. Our goal is simply to help our clients achieve their financial goals, regardless of market conditions. If our tactical DAA strategy triggers a move out of equities due to a prolonged and/or substantial downturn for specific equity markets, it may adopt a defensive strategy for clients’ growth allocation by investing substantially in cash or cash alternative securities and/or short-term fixed income securities. There can be no guarantee that our DAA strategy will accurately react to any prolonged and/or substantial downturn in the equity markets, or that the use of defensive techniques would be successful in avoiding losses. The use of defensive strategies could result in a negative outcome for a client. A few negative consequences could be high turnover, re-entry in the same security at a higher price, loss of growth if the equity markets move up, high tax liability within taxable accounts, and higher trading costs.

### **Risk of Loss**

Clients are advised that investing in securities involves the risk of loss of the entire principal amount invested including any gains. Clients should not invest unless they are able to bear losses. Any of the

above investment strategies may lead to a loss on investments. Even hedging strategies may fail if markets move against the hedged investments. In addition, because investing carries with it opportunity risk, it is impossible to accurately predict the sectors of the market or asset classes that will have more favorable returns for a given period.

### **Item 8.A – Frequent Trading of Securities**

Adviser is not involved in the frequent trading of securities.

### **Item 8.B – Material Risks of Particular Securities**

Adviser doesn't recommend a type of security that involves significant or unusual risks.

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## **Item 9 – Disciplinary Information**

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Adviser does not have any disciplinary information to disclose.

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

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### **Item 10.A – Broker-Dealer Registration**

Supervised persons are also registered representative of LPL Financial. In their capacities as registered representative, supervised persons may recommend securities or other products and receive normal transaction commissions or other compensation. Thus, a conflict of interest may exist between the interests of the supervised persons and those of the advisory clients. However, clients are under no obligation to act upon any recommendations of the supervised persons or effect any transactions through the supervised persons if clients decide to follow supervised person's recommendations.

### **Item 10.B – Futures Commission Merchant/Commodities**

Neither Adviser nor any of its management persons is a commodity broker/futures commission merchant, a commodity pool operator, commodity trading advisor or an associated person for the foregoing entities or has an application for registration pending.

### **Item 10.C – Relationships with Related Persons**

In addition to being registered representatives of LPL Financial, supervised persons are insurance agents appointed with various insurance companies. In these capacities, supervised persons of DJFS may recommend insurance products and receive commissions and other compensation if products are purchased. Thus, a potential conflict of interest exists between the interests of supervised persons and those of the advisory clients. However, clients are under no obligation to act upon any recommendations of the supervised persons or execute any transactions through the supervised persons if they decide to follow their recommendations.

Supervised persons are owners and officers of Jade Plan Services Inc., a firm that provides pension services. These are potential conflicts of interest because there are incentives to recommend these services to advisory clients and supervised persons would receive direct or indirect compensation. Clients are under no obligation to use these services.



## **Item 10.D – Relationships with Other Advisers**

Supervised persons of DJFS are also investment adviser representatives of LPL Financial. In such capacity, they may offer advisory services through LPL Financial, details of which are fully described in LPL Financial's Form ADV or relevant schedules. These are potential conflicts of interest to the extent that they may recommend that a client open an advisory account with LPL Financial in which they would receive compensation. Clients are under no obligation to use the services of another investment adviser.

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

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### **Item 11.A – Code of Ethics**

Adviser has adopted a *Code of Ethics* that sets forth standards of conduct expected of advisory personnel and to address conflicts that arise from personal trading by advisory personnel. Advisory personnel are obligated to adhere to the *Code of Ethics*, and applicable securities and other laws. Advisory personnel also adhere to the *Code of Ethics* associated with their applicable professional designations.

The *Code of Ethics* covers a range of topics that may include: general ethical principles, reporting personal securities trading, exceptions to reporting securities trading, initial public offerings and private placements, reporting ethical violations, distribution of the Code of Ethics, review and enforcement processes, and amendments to Form ADV and supervisory procedures. Adviser will provide a copy of the *Code of Ethics* to any client or prospective client upon request.

### **Item 11.B – Participation or Interest in Client Transactions**

#### **Principal Trading**

Adviser does not execute securities transactions as principal with Adviser's clients.

#### **Personal Trading of Associates Affiliated with a Brokerage Firm**

In their capacities as registered representative of LPL Financial, supervised persons of Adviser may receive payments from certain mutual funds distributed pursuant to a 12b-1 distribution plan or other such plans as compensation for administrative services, representing a separate financial interest. As such, a conflict of interest may exist with respect to recommendations to buy or sell securities. In all cases, transactions are effected in the best interests of the client. Adviser does not permit insider trading and has implemented procedures to ensure that its policy regarding insider trading is being observed by supervised persons.

#### **Agency-Cross Action Transactions**

Neither Adviser nor any supervised persons may recommend to clients, or transact buys or sells for client accounts, securities in which Adviser or a supervised person has a material financial interest. Neither Adviser nor any supervised person acting as a principal, buys securities from (or sells

securities to) clients; acts as general partner in a partnership in which Adviser solicits client investments; or acts as an investment adviser to an investment company that Adviser recommends to clients.

### **Item 11.C – Personal Trading**

Adviser recommends that clients invest in open-end mutual funds, ETFs and other securities. Adviser and its supervised persons may invest in the same securities. Adviser and its supervised persons are permitted to invest in all asset classes. See Item 11.D for conflicts of interest.

### **Item 11.D – Conflicts of Interest with Personal Trading**

Supervised persons may own an interest in or buy or sell for their own accounts the same securities, which may be recommended to advisory clients.

Adviser seeks to ensure that supervised persons do not personally benefit from the short-term market effects of their recommendations to clients and their personal transactions are regularly monitored. Supervised persons are aware of the rules regarding material non-public information and insider trading. Supervised persons may also buy or sell a specific security for their own account based on personal investment considerations, which Adviser does not deem appropriate to buy or sell for clients.

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## **Item 12 – Brokerage Practices**

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### **Item 12.A – Factors in Selecting or Recommending Broker-Dealers**

Adviser requests that clients establish accounts with LPL Financial (“LPL”), member FINRA/SIPC, to maintain custody of clients’ assets and to effect trades for their accounts. LPL provides brokerage and custodial services to independent investment advisory firms, including Adviser. For accounts custodied at LPL, LPL is generally compensated by clients through commissions, trails, or other transaction-based fees for trades that are executed through LPL or that settle into LPL accounts. For IRA accounts, LPL generally charges account maintenance fees. In addition, LPL also charges clients miscellaneous fees and charges, such as account transfer fees.

While LPL does not participate in, or influence the formulation of, the investment advice Adviser provides, certain supervised persons of Adviser are Dually Registered Persons. Dually Registered Persons are restricted by certain Financial Industry Regulatory Authority (“FINRA”) rules and policies from maintaining accounts at another custodian or executing transactions in such accounts through any broker-dealer or custodian that is not approved by LPL. As a result, the use of other trading platforms must be approved by Adviser and LPL.

Clients should also be aware that for accounts where LPL serves as the custodian, Adviser is limited to offering services and investment vehicles that are approved by LPL and may be prohibited from offering services and investment vehicles that may be available through other broker-dealers and custodians, some of which may be more suitable for a client’s portfolio than the services and investment vehicles offered through LPL. Clients should understand that not all investment advisers require that client’s custody their accounts and trade through specific broker-dealers.

### **Item 12.A1 – Research and Other Soft Dollar Benefits**

Adviser receives some “eligible” products and services under Safe Harbor regulations as determined under the Securities and Exchange Act, Section 28(e). These products and services include: national, regional, or investment adviser specific educational events organized and/or sponsored by LPL Financial; professional compliance; legal and business consulting; publications and conferences on practice management; information technology; business succession; employee benefit providers; human capital consultants; investment management and due diligence; insurance; and marketing. While, as a fiduciary, Adviser endeavors to act in its clients’ best interests, Adviser’s recommendation that clients maintain their assets in accounts at LPL Financial may be based in part on the benefit to Adviser of the availability of some of the foregoing products and services and other arrangements and not solely on the nature, cost, or quality of custody and brokerage services provided by LPL Financial, which may create a potential conflict of interest.

#### ***Benefits Received by Our Personnel***

LPL makes available to Adviser various products and services designed to assist Adviser in managing and administering client accounts. Many of these products and services may be used to service all or a substantial number of accounts, including accounts not held with LPL. These include software and other technology that provide access to client account data (such as trade confirmation and account statements); facilitate trade execution (and aggregation and allocation of trade orders for multiple client accounts); provide research, pricing information and other market data; facilitate payment of Adviser’s fees from its clients’ accounts; and assist with back-office functions; recordkeeping and client reporting.

LPL also makes available to Adviser other services intended to help manage and further develop our business. Some of these services assist Adviser to better monitor and service program accounts maintained at LPL. Many of these services, however, benefit only Adviser. These support services and/or products may be provided without cost, at a discount, and/or at a negotiated rate, and include practice management-related publications; consulting services; attendance at conferences and seminars, meetings, and other educational and/or social events; marketing support; and other products and services used by Adviser in furtherance of the operation and development of its investment advisory business.

Where such services are provided by a third-party vendor, LPL will either make a payment to Adviser to cover the cost of such services, reimburse Adviser for the cost associated with the services, or pay the third-party vendor directly on behalf of Adviser.

The products and services described above are provided to Adviser as part of its overall relationship with LPL. While as a fiduciary, Adviser endeavors to act in its clients’ best interests, the receipt of these benefits creates a conflict of interest because Adviser’s requirement that clients custody their assets at LPL is based in part on the benefit to Adviser of the availability of the foregoing products and services and not solely on the nature, cost or quality of custody or brokerage services provided by LPL. Adviser’s receipt of some of these benefits may be based on the amount of advisory assets custodied on the LPL platform.

### **Item 12.A2 – Brokerage for Client Referrals**

Adviser does not refer clients to particular broker-dealers in exchange for client referrals from those broker-dealers.

### **Item 12.A3 – Directed Brokerage**

Neither Adviser nor any of Adviser's representatives have discretionary authority in making the determination of the brokers-dealers and/or custodians 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. As stated above, Adviser routinely requests that clients execute through a specified broker-dealer. Adviser recommends the use of LPL. Each client will be required to establish their account(s) with LPL if not already done. Please note that not all advisers have this requirement.

Adviser allows clients to direct brokerage outside our recommendation. Adviser 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, clients may pay higher brokerage commissions because Adviser may not be able to aggregate orders to reduce transaction costs, or clients may receive less favorable prices.

### **Item 12.B – Trade Aggregation**

Transactions for each client account generally will be affected independently unless Adviser decides to purchase or sell the same securities for several clients at approximately the same time. Adviser may, but is not obligated to, combine or "batch" such orders to obtain "best execution", to negotiate more favorable commission rates, to allocate fairly among the clients' differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. Although such concurrent authorizations potentially could be either advantageous or disadvantageous to any one or more particular accounts, they are affected only when Adviser believes 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, Adviser attempts 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. To the extent that Adviser determine to aggregate client orders for the purchase or sale of securities, including securities in which Adviser's principals (and/or supervised persons) may invest, Adviser shall generally do so in accordance with the parameters set forth in SEC No-Action Letter, *SMC Capital, Inc.* Adviser shall not receive any additional compensation or remuneration as a result of the aggregation.

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## **Item 13 – Review of Accounts**

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Adviser uses a dynamic and ongoing review process to continually reinforce and educate clients about its investment approaches, as well as to clarify the fundamental tenets and standards on which investment advice is based.

Investment adviser representatives perform reviews of all advisory accounts no less than annually. Accounts are reviewed for consistency with the investment strategy and performance among other things. Reviews may be triggered by changes in an account holder's personal, tax, or financial status. There is currently no limit on the number of accounts that can be reviewed by an investment adviser representative.

Advisory account statements are generated no less than quarterly. These statements are sent directly to the account owner from their broker dealer, product sponsors, custodian, or retirement plan administrator. These reports list the account positions, activity in the account over the covered period, and other related information. Clients are also sent confirmations following each brokerage account transaction.

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

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### **Suggestion of Brokers to Clients**

Adviser may receive from LPL or a mutual fund company, without cost and/or at a discount soft-dollar support services and/or products, to assist Adviser to better monitor and service client accounts maintained at such institutions. Included within the support services Adviser may receive investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Adviser to assist Adviser in its investment advisory business operations. Adviser's clients do not pay more for investment transactions effected and/or assets maintained at LPL as a result of this arrangement. There is no commitment made by Adviser to LPL or any other institution as a result of the above arrangement.

### **Industry Associates**

Industry associates include vendors, money managers, and sub-advisers that Adviser either uses or networks with in order to provide the best array of services and providers to clients. At times, these industry associates may offer to Adviser's adviser representatives certain non-monetary benefits. These benefits are not tied to the sales of any products to clients. Benefits may include such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings with Adviser's adviser representatives, client workshops or client appreciation events, marketing events or advertising initiatives. Industry associates may also pay for, or reimburse Adviser for the costs associated with, education or training events that may be attended by Adviser's employees.

### **Solicitors**

In accordance with Rule 206 (4)-1 of the Investment Advisers Act of 1940, our firm does not provide cash or non-cash compensation directly or indirectly to unaffiliated persons for testimonials or endorsements (which include client referrals).

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## **Item 15 – Custody**

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While our firm does not maintain physical custody of client assets (which are maintained by a qualified custodian, as discussed above in Item 12), we are deemed to have custody of certain client assets if given the authority to withdraw assets from client accounts, as further described below under "Third Party Money Movement." All our clients receive account statements directly from their qualified custodian(s) at least quarterly upon opening of an account. We urge our clients to carefully

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

The SEC issued a no-action letter ("Letter") with respect to 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, Adviser has adopted the following safeguards in conjunction with the account custodian:

- 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.

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## **Item 16 – Investment Discretion**

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Clients have the option of providing Adviser with investment discretion on the client's behalf, pursuant to a signed Client Agreement. By granting investment discretion, Adviser is authorized to execute securities transactions, which securities are bought and sold, the total amount to be bought and sold, and the costs at which the transactions will be effected. Limitations may be imposed by the client in the form of specific constraints on any of these areas of discretion with written acknowledgement.

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

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Adviser does not accept authority to vote proxies on behalf of clients as a matter of policy. Clients will receive their proxy information directly from their custodian. Clients may contact Adviser with questions about a particular solicitation by telephone at 817-335-3214.

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## **Item 18 – Financial Information**

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Adviser is not required to provide financial information to its clients because:

- Adviser does not require the prepayment of more than \$1,200 in fees when services cannot be rendered within 6 (six) months;

- Adviser does not take custody of client funds or securities;
- Adviser has never been the subject of a bankruptcy proceeding.

**- End of Form ADV Part 2A -**