

Firm Brochure
(Part 2A of Form ADV)

JOHNSON WEALTH MANAGEMENT, LLC

322 DEMERS AVE, STE 402

GRAND FORKS, ND 58201

701-746-8310

derrick@johnsonwealth.com

This brochure provides information about the qualifications and business practices of Johnson Wealth Management, LLC. If you have any questions about the contents of this brochure, please contact us at: 701-746-8310 or by email at: derrick@johnsonwealth.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 Johnson Wealth Management, LLC is available on the SEC's website at www.adviserinfo.sec.gov.

March 21, 2024

Material Changes

Annual Update

The Material Changes section of this brochure will be updated annually or whenever material changes occur.

Material Changes Since the Last Annual Update

The material change that occurred since our last annual update on February 10, 2023, is as follows:

- Due to the acquisition of TD Ameritrade, Inc. (“TD Ameritrade”) by Charles Schwab & Co., Inc. (“Schwab”), we have updated this brochure to change references of TD Ameritrade to Schwab as custodian.

Full Brochure Available

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: 701-746-8310 or by email at: derrick@johnsonwealth.com.

Table of Contents

Material Changes.....	i
Annual Update	i
Material Changes Since the Last Annual Update	i
Advisory Business	1
Firm Description.....	1
Principal Owner.....	1
Types of Advisory Services.....	1
Assets Under Management	2
Tailored Relationships	2
Types of Agreements.....	2
Financial Planning Agreement	2
Investment Advisory Agreement	3
Pension Consulting Agreement	3
Retainer Agreement.....	4
Subadvisory Services	4
Termination of Agreement	4
Fees and Compensation	4
Description	4
Fee Billing	5
Other Fees	5
Expense Ratios.....	6
Past Due Accounts and Termination of Agreement	6
Performance-Based Fees	6
Sharing of Capital Gains	6
Types of Clients.....	6
Description	6
Account Minimums.....	6
Methods of Analysis, Investment Strategies and Risk of Loss.....	7
Methods of Analysis.....	7
Investment Strategies	7
Risk of Loss	7

Disciplinary Information	8
Legal and Disciplinary.....	8
Other Financial Industry Activities and Affiliations	8
Relationships	8
Subadvisors	9
Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	9
Code of Ethics.....	9
Participation or Interest in Client Transactions.....	9
Personal Trading.....	9
Brokerage Practices.....	9
Selecting Brokerage Firms.....	9
Best Execution	9
Soft Dollars	10
Order Aggregation	10
Review of Accounts	10
Periodic Reviews	10
Review Triggers.....	10
Regular Reports.....	10
Client Referrals and Other Compensation	10
Incoming Referrals.....	10
Referrals Out	10
Other Compensation.....	10
Custody.....	11
Account Statements.....	11
Performance Reports.....	11
Net Worth Statements.....	11
Standing Letters of Authorization	11
Investment Discretion.....	11
Discretionary Authority for Trading.....	11
Limited Power of Attorney	12
Voting Client Securities	12
Proxy Votes	12

Financial Information	12
Financial Condition	12
Business Continuity Plan	12
General	12
Disasters	12
Alternate Offices	12
Loss of Key Personnel	13
Information Security Program.....	13
Information Security	13

Advisory Business

Firm Description

Johnson Wealth Management, LLC ("JWM") was founded in 2002.

JWM is strictly a fee-only financial planning and investment management firm. The firm does not sell annuities, insurance, stocks, bonds, mutual funds, limited partnerships, or other commissioned products. The firm is not affiliated with entities that sell financial products or securities. No commissions in any form are accepted. No finder's fees are accepted.

JWM provides personalized confidential financial planning and investment management to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities. Advice is provided through consultation with the client and may include: determination of financial objectives, identification of financial problems, cash flow management, tax planning, insurance review, investment management, education funding, retirement planning, and estate planning.

Investment advice is an integral part of financial planning and is provided with the client making the final decision on investment selection. JWM does not act as a custodian of client assets. The client always maintains asset control. JWM places trades for clients under a limited power of attorney.

A written evaluation of each client's initial situation is provided to the client, often in the form of a net worth statement. Periodic reviews are also communicated to provide reminders of the specific courses of action that need to be taken. More frequent reviews may occur but are not necessarily communicated to the client unless immediate changes are recommended.

Other professionals (e.g., lawyers, accountants, insurance agents, etc.) are engaged directly by the client on an as-needed basis. JWM often works closely with other advisors to ensure that the client's financial plan is fully implemented. Conflicts of interest will be disclosed to the client in the unlikely event they should occur.

The initial meeting, which may be by telephone, is free of charge and is considered an exploratory interview to determine the extent to which financial planning and investment management may be beneficial to the client.

Principal Owner

Derrick Johnson is a 100% owner of the company.

Types of Advisory Services

JWM provides investment supervisory services, also known as asset management services; manages investment advisory accounts not involving

investment supervisory services; and furnishes investment advice through consultations.

On more than an occasional basis, JWM furnishes advice to clients on matters not involving securities, including a broad range of financial planning matters.

Assets Under Management

As of 12/31/2023, JWM manages approximately \$196.8 million in assets for 153 clients on a discretionary basis.

Tailored Relationships

The goals and objectives for each client are documented in our client relationship management system. Clients may impose restrictions on investing in certain securities or types of securities.

Agreements may not be assigned without client consent.

Types of Agreements

The following agreements define the typical client relationships.

Financial Planning Agreement

A financial plan is designed to help the client with all aspects of financial planning without ongoing investment management after the financial plan is completed.

The financial plan may include, but is not limited to: a net worth statement; a cash flow statement; a review of investment accounts, including reviewing asset allocation and providing repositioning recommendations; strategic tax planning; a review of retirement accounts and plans including recommendations; a review of insurance policies and recommendations for changes, if necessary; one or more retirement scenarios; estate planning review and recommendations; and education planning with funding recommendations.

Detailed investment advice and specific recommendations are provided as part of a financial plan. Implementation of the recommendations is at the discretion of the client.

In the event that the client's situation is substantially different than disclosed at the initial meeting, a revised fee will be provided for mutual agreement. The client must approve the change of scope in advance of the additional work being performed when a fee increase is necessary.

After delivery of a financial plan, future face-to-face meetings may be scheduled as necessary to implement the plan.

Investment Advisory Agreement

An Investment Advisory Agreement will be executed when JWM will provide investment management services. Most clients choose to have JWM manage their assets in order to obtain ongoing in-depth advice and life planning. All aspects of the client's financial affairs are reviewed. Realistic and measurable goals are set. Objectives to reach those goals are defined. As goals and objectives change over time, suggestions are made and implemented on an ongoing basis.

The scope of work and fee for an Investment Advisory Agreement is provided to the client in writing prior to the start of the relationship. An Investment Advisory Agreement includes: investment management (including performance reporting). Other services included for this fee include ongoing financial planning services.

Pension Consulting Agreement

This service is designed to offer a variety of advisory services to employee benefit plans and their fiduciaries based upon an analysis of the needs of the plan. This advisory service may include advice regarding general recommendations as to what portion of plan assets should be invested in various investment media, including securities, and in some cases, recommendations regarding investment in specific securities or other investments. JWM may also assist plan fiduciaries in determining plan investment objectives and policies and in designing funding media for the plan. Further, JWM may provide general or specific advice to plan fiduciaries as to the selection or retention of independent third-party investment advisers to manage the assets of the plan.

JWM is customarily compensated for these services primarily through fees paid by the plan or its sponsor. These fees are based on a percentage of the assets under management.

All client accounts are regulated under the Employee Retirement Income Securities Act ("ERISA"). JWM will provide consulting services, as an investment manager, to the plan fiduciaries as described above. The named plan fiduciary must make the ultimate decision as to retaining the services of such investment advisers as JWM recommends. The plan fiduciary is free to seek independent advice about the appropriateness of any recommended services for the plan.

To be an investment manager to qualified plans governed by ERISA, two requirements must be satisfied. First, the investment manager must be registered under the Investment Advisers Act or under applicable state law. Second, the investment manager must acknowledge in writing that it is a fiduciary with respect to the plan. The Department of Labor in Regulation 3-21 clarified the scope of the applicability of ERISA to investment managers. This regulation provides that such a person becomes a fiduciary if advice is given

on a regular basis and pursuant to an agreement or undertaking that such services will serve as a primary basis for investment decisions by the plan.

Retainer Agreement

In some circumstances, a Financial Planning Agreement is executed on a fixed-fee basis when it is more appropriate to work on that basis. The annual fee is determined by the scope of work requested and is not negotiable.

Subadvisory Services

JWM recommends that certain clients implement the subadvisory services of a subadvisor for discretionary investment management services. JWM will assist and advise the client in establishing investment objectives, selection of the investment strategies and communications with the subadvisor. JWM will serve as the client's primary advisor and relationship manager for the account[s]. JWM will provide ongoing oversight of the subadvisor's investment strategy[ies] to ensure they are managed consistent to the investment mandate[s]. JWM will provide the client with the subadvisor's Form ADV2A – Disclosure Brochure prior to establishing an account with the subadvisor.

Termination of Agreement

A Client may terminate any of the aforementioned agreements at any time by notifying JWM in writing and paying the rate for the time spent on the investment advisory engagement prior to notification of termination. If the client made an advance payment, JWM will refund any unearned portion of the advance payment.

JWM may terminate any of the aforementioned agreements at any time by notifying the client in writing. If the client made an advance payment, JWM will refund any unearned portion of the advance payment.

Fees and Compensation

Description

JWM bases its fees on hourly fees, a percentage of assets under management, and fixed fees.

Financial plans are billed hourly based on the time necessary to complete and implement the plan. The fee for a financial plan is based on the time required to complete and present the plan to the client. The current hourly rate is \$200. An initial consultation is offered at no charge. During the initial meeting the client will be provided an estimate of time to complete a plan based on their needs. Since financial planning is a discovery process, situations occur wherein the client is unaware of certain financial exposures or predicaments.

Follow-up implementation work is also billed at the rate of \$175 per hour.

Although the Investment Advisory Agreement is an ongoing agreement and constant adjustments are required, the length of service to the client is at the client's discretion. The annual Investment Advisory Agreement fee is based on a percentage of the investable assets according to the following schedule:

0.90% on the first \$500,000;
0.75% on the next \$500,000 (from 500,001 to 1,000,000);
0.60% on the next \$1,000,000 (from 1,000,001 to 2,000,000);
0.45% on the next \$3,000,000 (from \$2,000,001 to \$5,000,000); and
0.30% on the assets above \$5,000,000.

Certain qualified retirement plans are charged a fee based on a percentage of investable assets according to the following schedule:

0.50% on the first \$1,000,000;
0.40% on the next \$1,000,000 (from 1,000,001 to 2,000,000); and
0.30% on the assets above \$3,000,000.

Some fixed fees may be priced based on the complexity of work, especially when asset management is not the most significant part of the relationship.

There is no minimum annual fee. Current client relationships may exist where the fees are higher or lower than the fee schedule above.

Fees are negotiable.

For clients referred by JWM to a subadvisor, the client's fee can be deducted from the client's account[s] by JWM or the subadvisor.

Fee Billing

Investment management fees are billed quarterly, in advance, meaning that we invoice you before the three-month billing period has ended. Payment in full is expected upon invoice presentation. Fees are usually deducted from a designated client account to facilitate billing. The client must consent in advance to direct debiting of their investment account.

Fees for financial plans are billed upon completion with the balance due within 30 days of billing.

Other Fees

Custodians may charge transaction fees on purchases or sales of certain mutual funds and exchange-traded funds. These transaction charges are usually small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.

JWM, in its sole discretion, may waive its minimum fee and/or charge a lesser investment advisory fee based upon certain criteria (e.g., historical

relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

Expense Ratios

Mutual funds generally charge a management fee for their services as investment managers. The management fee is called an expense ratio. For example, an expense ratio of 0.50 means that the mutual fund company charges 0.5% for their services. These fees are in addition to the fees paid by you to JWM.

Performance figures quoted by mutual fund companies in various publications are after their fees have been deducted.

Past Due Accounts and Termination of Agreement

JWM reserves the right to stop work on any account that is more than 90 days overdue. In addition, JWM reserves the right to terminate any financial planning engagement where a client has willfully concealed or has refused to provide pertinent information about financial situations when necessary and appropriate, in JWM's judgment, to providing proper financial advice. Any unused portion of fees collected in advance will be refunded within 30 days.

Performance-Based Fees

Sharing of Capital Gains

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

JWM does not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.

Types of Clients

Description

JWM generally provides investment advice to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities.

Client relationships vary in scope and length of service.

Account Minimums

The minimum account size is \$500,000 of assets under management, which equates to an annual fee of \$4,500.

JWM has the discretion to waive the account minimum. Exceptions will apply to employees of JWM and their relatives, or relatives of existing clients.

Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

We don't believe that security analysis will generate additional long-term returns. Instead we focus on picking low-cost passively managed funds that will capture asset class returns.

JWM does believe it is important to stay informed about economic, political and financial events that might impact a client's financial situation. The main sources of information include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

Other sources of information that JWM may use include Morningstar mutual fund information, Charles Schwab & Co., Inc. ("Schwab") research, research provided by DFA, and other online research sources.

Investment Strategies

JWM uses Modern Portfolio Theory ("MPT") as its core investment strategy. MPT is a sophisticated investment decision approach that theoretically permits an investor to classify, estimate, and control both the kind and the amount of expected risk and return. This means that we recommend an appropriate asset mix for each client based upon the objectives stated by the client during consultations. We buy and hold primarily passively managed index and exchange-traded funds as the core investments to achieve exposure to each asset class. The portfolios are monitored periodically to determine if rebalancing is necessary to maintain the agreed upon asset allocation. Portfolios are globally diversified to control the risk associated with traditional markets. We believe that a low-cost, passively managed portfolio will provide better long-term results than an actively managed portfolio.

Risk of Loss

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of

risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.

- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

Disciplinary Information

Legal and Disciplinary

The firm and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

Other Financial Industry Activities and Affiliations

Relationships

JWM has no other financial industry affiliations.

Subadvisors

As discussed in Advisory Business above, an investment subadvisor will provide discretionary management services to certain clients. The subadvisors recommended by JWM are Zacks Investment Management, Inc. (CRD# 110897) and Dimensional Fund Advisors LP (CRD# 106482).

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

The employees of JWM have committed to a Code of Ethics. The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

Participation or Interest in Client Transactions

JWM and its employees may buy or sell securities that are also held by clients. Employees may not trade their own securities ahead of client trades. Employees comply with the provisions of the *JWM Compliance Manual*.

Personal Trading

The Chief Compliance Officer of JWM is Derrick Johnson. He reviews all employee trades each quarter. The personal trading reviews ensure that the personal trading of employees does not affect the markets, and that clients of the firm receive preferential treatment. Since most employee trades are small mutual fund trades or exchange-traded fund trades, the trades do not affect the securities markets.

Brokerage Practices

Selecting Brokerage Firms

JWM does not have any affiliation with product sales firms. Specific custodian recommendations are made to clients based on their need for such services. JWM recommends custodians based on the proven integrity and financial responsibility of the firm and the best execution of orders at reasonable commission rates.

JWM recommends discount brokerage firms and trust companies (qualified custodians), such as Schwab, TIAA, Vanguard and MG Trust. JWM does not receive fees or commissions from any of these arrangements.

Best Execution

JWM reviews the execution of trades at each custodian each quarter. Trading fees charged by the custodians are reviewed on a periodic basis. JWM does not receive any portion of the trading fees.

Soft Dollars

JWM does not have a formal soft dollar arrangement with the custodians that it recommends to clients. The firm does receive research from custodians.

Order Aggregation

Many trades are mutual funds where trade aggregation does not garner any client benefit. For exchange-traded funds, the Firm will do block orders when it is beneficial for clients.

Review of Accounts

Periodic Reviews

Account reviews are performed quarterly by Derrick Johnson, Member. Account reviews are performed more frequently when market conditions dictate.

Review Triggers

Other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a client's own situation.

Regular Reports

Clients receive periodic communications on at least an annual basis. Investment Management clients receive written quarterly updates. The written updates will include a performance summary and a holdings summary.

Client Referrals and Other Compensation

Incoming Referrals

JWM has been fortunate to receive many client referrals over the years. The referrals came from current clients, estate planning attorneys, accountants, employees, personal friends of employees and other similar sources. The firm does not compensate referring parties for these referrals.

Referrals Out

JWM does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

Other Compensation

Not applicable.

Custody

Account Statements

All assets are held at qualified custodians. At least quarterly these custodians provide account statements directly to clients at their address of record.

Performance Reports

Clients are urged to compare the account statements received directly from their custodians to the performance report statements provided by JWM.

Net Worth Statements

Clients are frequently provided net worth statements and net worth graphs that are generated from our client relationship management system. Net worth statements contain approximations of bank account balances provided by the client, as well as the value of land and hard-to-price real estate. The net worth statements are used for long-term financial planning where the exact values of assets are not material to the financial planning tasks.

Standing Letters of Authorization

JWM has standing letters of authorization to third parties to withdraw client funds or securities maintained with a qualified custodian upon its instruction to the qualified custodian. According to the SEC, this means that JWM has custody of those clients' assets and is required to comply with the Custody Rule. Because the SEC's seven conditions have been met, a surprise exam is not required.

Investment Discretion

Discretionary Authority for Trading

JWM accepts discretionary authority to manage securities accounts on behalf of clients. JWM has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. When blanket trading authorization has not been given, JWM must obtain approval from those clients prior to conducting each trade.

The client approves the custodian to be used and the commission rates paid to the custodian. JWM does not receive any portion of the transaction fees or commissions paid by the client to the custodian on certain trades.

Discretionary trading authority facilitates placing trades in client accounts on their behalf so that JWM may promptly implement the investment policy that the client has approved in writing.

Limited Power of Attorney

A limited power of attorney is a trading authorization for this purpose. The client signs a limited power of attorney so that JWM may view account information, execute the trades and deduct its quarterly fees from the account.

Voting Client Securities

Proxy Votes

JWM does not vote proxies on securities. Clients are expected to vote their own proxies.

When assistance on voting proxies is requested, JWM will provide recommendations to the client. If a conflict of interest exists, it will be disclosed to the client.

Financial Information

Financial Condition

JWM does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

A balance sheet is not required to be provided because JWM does not serve as a custodian for client funds or securities and does not require prepayment of fees of more than \$1200 per client, and six months or more in advance.

Business Continuity Plan

General

JWM has a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people.

Disasters

The Business Continuity Plan covers natural disasters such as snow storms, hurricanes, tornados, and flooding. The Plan covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, communications line outage, Internet outage, railway accident and aircraft accident. Electronic files are backed up daily and archived offsite.

Alternate Offices

Alternate offices are identified to support ongoing operations in the event the main office is unavailable. It is our intention to contact all clients within five days of a disaster that dictates moving our office to an alternate location.

Loss of Key Personnel

JWM has signed a Business Continuation Agreement with an individual who would purchase JWM in the event of Derrick Johnson's serious disability or death.

Information Security Program

Information Security

JWM maintains an information security program to reduce the risk that personal and confidential information may be breached.