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Part 2A Appendix 1 of Form ADV:  
Wrap Fee Program Brochure

March 13, 2024

This wrap fee program brochure provides information about the qualifications and business practices of Johnson Financial Group, LLC. If you have any questions about the contents of this brochure, please contact us at 720-475-1195. 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 Financial Group, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 Material Changes**

No material changes have been made to this firm brochure since our last annual updating amendment dated March 2, 2023.

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## Item 4 Services, Fees and Compensation

### Services

Johnson Financial Group, LLC ("JFG", "we" or "us") offers investment management services through the use of one or more third party managers via a wrap-fee program made available by Envestnet Asset Management, Inc. ("Program Manager"). When JFG recommends a wrap-fee program, JFG's recommendation is based on a number of factors, including, but not limited to, the anticipated frequency of trading in the client account, the size of the account, JFG's ability to efficiently allocate to separate account managers within the program, and investment minimums.

Based on a client's individual circumstances and needs, JFG will recommend that the client participate in one of the following Envestnet wrap fee programs:

- *Separate Managed Accounts Program* - through this program, JFG will determine which third party managers are appropriate to manage the client's assets.
- *Unified Managed Account Program* - through this program, JFG constructs a single portfolio comprised of various investment vehicles which may include third-party managers, exchange-traded funds (ETFs), and/or mutual funds.
- *Tax Transition Services and Tax Management Programs* - these programs are designed for clients who have specific tax management needs or goals and can be combined with other programs described above.

Through each program, the client grants JFG with discretion to make changes to the managers and/or investments if JFG determines such a change is in the client's best interest. Factors considered in making this determination include account size, risk tolerance, the opinion of each client and the investment philosophy of the independent adviser. Through this program, JFG will have full discretionary authority to invest and reinvest client assets and retain third party asset managers who, in turn, have full discretionary authority to invest and reinvest client assets, subject to reasonable restrictions imposed by the client.

### Fees

The total fee for the wrap fee program includes the Program Manager's fee and third party (sub-manager) fees, as well as JFG's fee. This fee may also include other fees imposed by third parties who provide services to the program, such as custodial fees. Such fees may be payable in advance or arrears, depending upon the terms of the contract.

Fees are based on assets under management, and not the activity level of an account. The management fee will be automatically debited from the account at the beginning of each quarter, as authorized in writing by the client. JFG's minimum annual fee is \$250,000. Under certain circumstances, we may accept new investment management relationships below this minimum. Fees are generally non-negotiable, although we reserve the right at our sole discretion to negotiate the fees lower. Agreed-upon fees will be stated in the written agreement signed by the client.

Fees are calculated as a percentage of the market value (including interest paid and accrued) of the securities held in the account at the end of each quarter. When services commence other than at the beginning of a quarter, the fee charged at the end of that quarter will be pro-rated so that the client is only charged for services rendered from the date the client contract was executed to the end of the quarter. If services are terminated before the end of the quarter, the fee will be prorated for that quarter (i.e. if services are terminated on the 18th day of the quarter, the fee charged will be 18 days/the

number of days in the quarter \* quarterly fee). Clients are charged as households and thus receive the applicable price breaks taking into account all of the assets in the household accounts that JFG manages. The wrap fee program fees, by program, are as follows:

| <b>Total Market Value of Assets under Management</b> | <b>Total Annual Program Fee</b> | <b>JFG Annual Fee</b> | <b>Annual Program Manager, Custodial Fees (as applicable)</b> |
|--|---------------------------------|-----------------------|---|
|--|---------------------------------|-----------------------|---|

***Separate Managed Accounts Program***

|                         |              |       |              |
|-------------------------|--------------|-------|--------------|
| Less than <\$30 Million | 0.87 – 0.97% | 0.83% | 0.04 – 0.14% |
| \$30 Million and over   | 0.39 – 0.41% | 0.35% | 0.04 – 0.06% |

***Unified Managed Account Program\****

|                         |              |       |              |
|-------------------------|--------------|-------|--------------|
| Less than <\$30 Million | 0.89 - 0.97% | 0.83% | 0.06 - 0.14% |
| \$30 Million and over   | 0.41%        | 0.35% | 0.06%        |

*\*In addition to the Total Annual Program Fee shown above, the Program Manager also assesses a manager fee for each model managed for the client. This fee ranges from approximately 0.35-0.60%; however, certain models may have fees outside of this range. Manager fees will apply only when a manager is included in the allocation. Such fees will only be assessed against the percentage of the portfolio for which the manager is allocated.*

***Tax Transition Services Program***

|                        |       |       |       |
|------------------------|-------|-------|-------|
| Less than \$30 Million | 0.98% | 0.83% | 0.15% |
| \$30 Million and over  | 0.50% | 0.35% | 0.15% |

***Tax Management Program***

|                        |       |       |       |
|------------------------|-------|-------|-------|
| Less than \$30 Million | 0.91% | 0.83% | 0.08% |
| \$30 Million and over  | 0.43% | 0.35% | 0.08% |

JFG generally pro-rates fees to reflect contributions or withdrawals of account assets during a single billing period.

Other types of fees that clients may incur, which are not included in the wrap fee program fee described above, include miscellaneous fee or charges by the custodian for services not included under the program, such as, but are not limited to, wiring fees, fees for portfolio transactions executed away from the custodian or not pursuant to an asset-based brokerage fee, dealer mark-ups, electronic fund and wire transfers, spreads paid to market-makers and exchange fees. If the client also elects to receive account administration and reporting services with respect to current assets held in securities accounts that are not managed through the wrap fee program, the client will also be charged a fee by the program manager for supplemental reporting services.

Neither JFG nor its supervised persons accept compensation for the sale of securities or other investment products.

## *Participation in Wrap Fee Programs versus Traditional Investment Management*

Participation in one of the wrap fee programs may cost the client more or less than purchasing such services separately. For example, if a client were to purchase services similar to those offered in a wrap fee program separately, he or she would be required to pay brokerage commissions, custodial fees (if any), and investment advisory fees. JFG will only recommend participation in a wrap fee program when the firm deems that such recommendation is in the client's best interest. Factors that JFG considers when making such a recommendation include the expected level of trading activity in the account, the corresponding brokerage commissions and transaction-related expenses that would be charged for the execution of trades, and the fees charged for the investment advisory services offered.

In making the determination of whether a recommended wrap fee program is appropriate for his or her needs, a client should consider that wrap fee arrangements, when compared with the option of paying transaction charges separately, generally result in lower costs during periods when trading activity is heavier. During periods when trading activity is low, such arrangements may result in a higher annual cost for transactions. The overall cost of the program will vary significantly, depending on the account size, amount of turnover, type of securities purchased or sold, quantities of securities purchased or sold, commission rates negotiated, and the client's tax situation. When making cost comparisons, clients should be aware that the combination of investment advisory, custodial and brokerage services available through these programs may not be available separately or may require multiple accounts, documentation and fees.

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

JFG generally requires that clients have a minimum of \$30 million in liquid assets to participate in a wrap fee program. The Program Manager also imposes minimums for participation in certain programs. Minimum account sizes for the Separately Managed Accounts Program range from \$100,000 - \$250,000 (for mutual fund portfolios, the minimum is \$2,500 per mutual fund). The minimum account size for the Unified Managed Account Program is \$150,000 per model allocation.

JFG may recommend wrap fee programs to individuals, trusts, charitable organizations and small businesses.

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

In selecting third-party managers for management of a client's assets, as well as in determining whether to replace a portfolio manager, JFG considers a number of factors including, but not limited to, the portfolio manager's fees, past performance, adherence to style mandate, tenure of the portfolio manager, modern portfolio theory statistics (beta, alpha, Treynor ratios, Sharpe ratios, covariance, R-squared, as well as alpha thesis).

In reviewing these factors, JFG will generally rely on the portfolio manager due diligence and research provided to the firm by Envestnet on a quarterly basis. This due diligence includes collection and reporting of data on investment style and philosophy, past performance, and personnel of the third-party managers. Envestnet also provides access to other third-party managers with respect to whom Envestnet has not performed due diligence. In evaluating these managers, JFG performs its own due diligence to determine whether to select such managers for the management of client assets.

The due diligence performed by Envestnet and/or JFG is intended to provide JFG with sufficient data and/or reports on each third-party manager to allow JFG to evaluate each manager's competence and experience in accordance with industry standards; however, JFG is responsible for determining that it has sufficient information about a portfolio manager to select such manager to provide services to JFG and its clients.

In selecting and monitoring the managers and investments in program accounts, JFG employs the same methodology used when managing assets via traditional asset management. JFG constructs customized portfolios based on the client's financial objectives and constraints. The firm collects information from the client, which is used to create an Investment Policy Statement (the "IPS"). This document details the client's past investment related experience, current financial situation (including goals and risk tolerance), probable future financial needs (including constraints such as liquidity needs, time horizons, tax issues, legal and regulatory considerations, and unique circumstances). From this information, JFG develops an investment strategy to address these designated criteria. JFG continuously monitors the client's portfolio and may rebalance the portfolio among managers and investments due to certain events, such as changes in the client's financial situation or market-driven events.

Portfolio construction begins by selecting a universe of managers and investments that are appropriate for each client's circumstances. Portfolios are then built by including managers and investments that exhibit the desired asset class, risk, return, and tax characteristics as described in the Investment Policy Statement. In analyzing the constructed portfolios, JFG uses a variety of quantitative and research-based approaches. These approaches include an analysis of performance, return distributions, standard deviation, risk exposures (through multi-factor regression models), and tax efficiency, in addition to other modern portfolio theory (MPT) methods.

Investment strategies are primarily focused on building globally diversified portfolios that are highly tax and cost efficient. This is done principally through the use of mutual funds, ETFs, and separately managed accounts. Investing in securities involves risk of loss and clients should be prepared to bear the loss of their investments.

It should also be noted that at the outset of a relationship with a new client, JFG may provide investment advice on any holdings in a client's investment portfolio. Decisions regarding whether to continue to hold an existing asset are based on the Investment Policy Statement, tax implications, trading costs, and the client's specific requests.

The risk of loss varies depending on what type of investment strategy is employed. Clients who have indicated that they have the ability and willingness to bear more risk in their portfolios have riskier investment strategies. These portfolios have higher expected risk and returns. These portfolios will have greater amounts of stocks and other riskier assets versus fixed-income. Clients who have indicated that they have less ability and willingness to assume risk will have more fixed-income and less stocks and other riskier assets in their portfolios.

#### *Performance-Based Fees*

JFG does not charge performance-based fees.

### *Voting Client Securities*

When the client participates in the Johnson Financial Group, LLC wrap fee program, JFG will not vote client proxies; rather, proxies will be voted by the Program Manager in the manner outlined in the Program Manager's Form ADV, which may include delegating proxy voting to the sub-advisors or managers used in the program.

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

JFG provides the portfolio managers in the program with information about the client which is required to enable the portfolio managers to provide services to the clients' accounts. Such information generally includes name, address, age, social security number, phone numbers, occupation and employer.

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

There are no restrictions on the client's ability to contact and consult with their portfolio managers.

## **Item 9 Additional Information**

### *Disciplinary Information*

Neither Johnson Financial Group, LLC nor its employees have been involved in any disciplinary or investment related issues or events in the past ten years that would be considered material to a prospective client's evaluation of our advisory business or the integrity of our management.

### *Other Financial Industry Activities and Affiliations*

JFG provides bookkeeping and expense management services to advisory and non-advisory clients. In addition, JFG is affiliated with JFG Wealth Management, LLC, a registered investment adviser that provides comprehensive wealth management services to individuals and families who may not qualify for the services provided by JFG (generally those with less than \$30 million of manageable assets). JFG and JFG Wealth Management, LLC are affiliated through common control and ownership. JFG may recommend that you use the services of our affiliate if appropriate and suitable for your needs. JFG's advisory services are separate and distinct from the fees paid to our affiliate for their services.

Referral arrangements with an affiliated entity present an inherent conflict of interest, as JFG may have a direct or indirect financial incentive to recommend JFG Wealth Management, LLC's services. While we believe that the compensation charged by JFG Wealth Management, LLC is competitive, such compensation may be higher than fees charged by other firms providing the same or similar services. While we may recommend JFG Wealth Management, LLC's services, you are under no obligation to use their services and you may obtain comparable services through other firms at lower or higher fees. As part of our fiduciary duties to you, JFG endeavors at all times to put your interests ahead of ours.

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



All persons performing advisory functions on behalf of JFG and those who have access to client transactions or recommendations, as well as all directors, officers, and partners are considered "access persons" and must adhere to JFG's Code of Ethics. A copy of JFG's Code of Ethics will be provided to any client or prospective client on request.

The Code of Ethics requires all access persons to report their personal securities holdings within ten days of becoming an access person and annually thereafter. This information must be current as of a date not more than 45 days prior to the date the individual becomes an access person or, for an annual report, the date the report is submitted. Access persons also must report their personal trading activities, if any, quarterly to the compliance team within 30 days of the close of the quarter. IPO or private placement participation requires pre-approval for the access person by the compliance team. The Code of Ethics requires that violations of the Code of Ethics be reported to the CCO and it is stressed that JFG's culture encourages internal reporting of violations. JFG will protect supervised persons who report violations from retaliation.

All access persons are required to provide written acknowledgement of receipt of the Code of Ethics. JFG maintains an ongoing education program regarding the Code of Ethics for its access persons. Gifts will not be accepted if valued at more than \$500. Participation on a board of a public company requires pre-approval from the compliance team. Material non-public information is not to be traded upon by access persons or any associated person.

All records of violations of the Code of Ethics and actions taken in response will be maintained by JFG. Written acknowledgment of the receipt of the Code of Ethics will be maintained by JFG as will a record of the names of access persons, personal securities reports by access persons and any records of decisions approving access persons' participation in IPOs or private placements.

Certain clients own Class B shares of the JFG. Issuance of these shares resulted from specific client inquiries as to whether the clients could have ownership in JFG. JFG does not recommend such ownership interests to its clients, nor does it assess an advisory fee on these assets. Nonetheless, client ownership of the firm creates a conflicts of interest as JFG benefits from outside investment in the firm. Client ownership of the firm has the potential to lead to preferential treatment of these client accounts. JFG mitigates this potential conflict in a number of ways, including block trading of client transactions, as well as utilization of allocation procedures regarding private capital investment opportunities. JFG does not recommend to clients, nor does it buy or sell for client accounts, securities in which JFG or a related person has a material financial interest.

From time to time, JFG may recommend that clients buy or sell the same securities, including private placements and private equity, that JFG or a related person may also buy or sell. Some of these investments may be placed at, or about the same time as, the placement of client securities transactions. This presents a conflict of interest, as JFG and its related persons may benefit from client transactions by placing their own interests ahead of those of the JFG's clients. We mitigate this conflict by adhering to policies and procedures that state that trading for JFG's own accounts will never take precedence over transactions in clients' accounts. When possible, block trades will be used to make sure every account receives the same execution price.

### *Review of Accounts*

Portfolio reviews are conducted quarterly or as otherwise desired by the client. The reviews include examining asset allocation as compared to the client's Investment Policy Statement (IPS), examining past transactions & current recommendations, as well as the economic outlook going forward. The Portfolio Manager reviews all accounts in accordance with instructions from the client.

Triggering factors that could lead to a review other than those described above include major geopolitical and/or market-related events or a change in the client's risk tolerance or financial situation.

The individuals conducting reviews may vary from time to time, but in all circumstances and at all times, the individual conducting the review will be an investment adviser representative of JFG.

All accounts are held in the clients' names at brokerage houses selected by the client. Thus, the clients have access to their accounts at their convenience in addition to receiving monthly and/or quarterly reports from the brokerage firm. Johnson Financial Group, LLC also provides written quarterly reports showing performance of the account and the amount of the fee paid to JFG, the net asset value of the account upon which the fee was based, along with the fees charged & the method in which the fee was calculated.

#### *Client Referrals and Other Compensation*

JFG does not receive any economic benefit from non-clients for providing investment advice and advisory services to clients. Currently, JFG does not directly or indirectly compensate those who are not supervised persons for client referrals.

#### *Financial Information*

Johnson Financial Group, LLC does not require or solicit prepayment of fees six months or more in advance. We do not have any financial conditions that are reasonably likely to impair our ability to meet contractual commitments to clients.