



# WEALTH MANAGEMENT

## J.P. Davis, Inc. dba NRG Wealth Management

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**Form ADV Part 2A  
Firm Brochure  
March, 26 2024**

This Brochure provides information about the qualifications and business practices of J.P. Davis, Inc. dba NRG Wealth Management. If you have any questions about the contents of this Brochure, please contact us at 520-818-7822, or via email at jack@nrgwm.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.

J.P. Davis, Inc. dba NRG Wealth Management is a SEC registered investment advisory firm. Registration of an investment advisory firm does not imply a particular level of skill or training.

Additional information about J.P. Davis, Inc. dba NRG Wealth Management is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **ITEM 2** Material Changes

### Annual Update

The Material Changes section of this brochure will be updated annually or when material changes occur since the previous release of our Firm Brochure. This Item discusses only specific material changes that are made to this Brochure and provides our clients with a summary of such changes.

### Material Changes since the Last Update

Since its last updating amendment filed on August 16, 2023, the following material changes were made to the brochure:

- Item 5: The firm's fee schedules has been updated.
- Item 7: The firm has removed the minimum account requirement.
- Item 13: The firm's frequency of account reviews has changed.
- Item 17: The firm's proxy voting policy has changed.

### Full Brochure and Additional Information

Full Brochure and additional information about J.P. Davis, Inc. dba NRG Wealth Management are available via the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's website also provides information about any persons affiliated with us who are registered or are required to be registered as investment adviser representatives ("IAR").

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## ITEM 4 Advisory Business

### FIRM INFORMATION

J.P. Davis, Inc. dba NRG Wealth Management (“NRG,” “we,” “us,” “our”), a corporation formed in April 2003, is an SEC-registered investment advisory firm located in Oro Valley, Arizona.

### PRINCIPAL OWNERS

On March 31, 2022, NRG is owned and controlled by John Paul Davis. Mr. Davis is its President and Chief Compliance Officer.

### INVESTMENT ADVISORY SERVICES

#### Portfolio Management Services:

NRG offers ongoing portfolio management services based on the individual circumstances of each client. Based upon the client’s investment risk tolerance, NRG creates an Investment Policy Statement which outlines the client’s Investor Life Cycle, Goal(s), Time Horizon, Liquidity Needs, Tax Constraints, and Unique Circumstances. From this information, NRG constructs a portfolio that matches the client’s specific situation. Portfolio management services include, but are not limited to, the following:

- Investment strategy
- Personal investment policy
- Asset allocation
- Asset selection
- Risk tolerance
- Regular portfolio monitoring

NRG evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. NRG will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels and all suitability information is maintained using online software and will be reviewed at least every two years.

NRG seeks to execute portfolio management decisions that are made in accordance with the fiduciary duties owed to its clients and without consideration of NRG’s economic, investment, or other financial interests. To meet its fiduciary obligations, NRG attempts to avoid, among other things, investment or trading practices that systematically advantage or disadvantage certain client portfolios, and accordingly, NRG’s policy is to seek fair and equitable allocation of investment opportunities/transactions among its clients to avoid favoring one client over another over time. It is NRG’s policy to allocate investment opportunities and transactions it identifies as being appropriate and prudent among its clients on a fair and equitable basis over time.

#### Financial Guidance Services:

NRG’s Financial Guidance Services are generally delivered through the Blueprint, which includes, but is not necessarily limited to, the following services (not all services are offered or applicable to all clients):

- Cash Out! Values exercise. Help create a clearly defined set of priorities focusing on the intent and purpose of client resources, including money. The exercise is designed to help improve financial life decisions.

- Lifestyle/Legacy goals. Determine and record a specific set of goals the client would like to accomplish regarding their financial future and legacy.
- Financial goals review and analysis.
- Record and deliver projections regarding aspects of the client's future financial lives, including the viability of financial plan through Monte Carlo simulation, investment withdrawal rate, cash flow tables, investment growth rates, and estate value projections.
- A net worth summary.
- A portfolio snapshot.
- Asset allocation recommendations.
- Online portal to access bespoke financial reports and summaries on demand.

NRG offers modular planning services designed to meet an individual's specific needs. Modular planning most often will be charged on an hourly basis. These services may include one or more of the following:

- Cash flow management
- Investment management recommendations for non-supervised assets (i.e., 401ks)
- Retirement planning
- Insurance needs analysis
- Education cost planning
- Estate planning (not including document preparation)
- Tax planning (not including tax preparation and filing)
- Loss of spouse planning

We will summarize our services in a written plan, which will typically include general recommendations for a course of action or specific actions to be taken by the client. Implementation of the recommendations will be at the client's discretion.

## CLIENT INVESTMENT OBJECTIVES/RESTRICTIONS

NRG provides a tailored program for each client. This will include an interview session to get to know the client's specific needs and requirements, as well as a plan that will be executed by NRG on behalf of the client. NRG may use model allocations together with a specific set of recommendations for each client based on their personal restrictions, needs, and targets. On a case by case basis, our clients may impose restrictions on investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent us from properly servicing the client's account, or if the restrictions would require us to deviate from our standard suite of services, we reserve the right to end the relationship.

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours.

## WRAP FEE PROGRAMS

NRG does not participate in, recommend, or offer wrap fee programs.

## ASSETS UNDER MANAGEMENT

As of December 31, 2023, NRG managed \$171,384,457 in AUM on a discretionary basis.

### ITEM 5

## Fees and Compensation

### PORTFOLIO MANAGEMENT ONLY FEES

Total Assets Under Management	Annual Fees
Minimum Fee (<\$30,000)	\$360.00
\$30,000 - \$1,000,000	1.25%
\$1,000,001 - \$2,000,000	1.15%
\$2,000,001 - \$5,000,000	0.85%
\$5,000,001 - \$10,000,000	0.75%
\$10,000,001 - And Up	Negotiable

## FINANCIAL GUIDANCE ONLY FEES

Total Assets Under Advisement*	Annual Fees
Minimum Fee (<\$3,500,000)	\$10,000
\$3,500,000 – \$5,000,000	0.30%
\$5,000,001 - \$10,000,000	0.20%
\$10,000,001 – And Up	Negotiable
Alternative Financial Guidance Fee Schedule (Hourly / Fixed Fee)	
Hourly	\$450 per hour
Minimum fixed fee	\$2,500

\*AUA = Assets under advisement. Generally computed as all investable assets.

The fee is generally negotiable and calculated using the value of the assets in the account on the last business day of the prior billing period. Financial guidance fees can be paid using a percent of total assets under advisement or on a fixed schedule.

## COMBINED SERVICES (PORTFOLIO MANAGEMENT & FINANCIAL GUIDANCE) FEES

NRG may combine portfolio management services and financial guidance services for a combined fee. The fee schedule is as follows:

Total Assets Under Management	Annual Fees
Minimum Fee (<\$625,000)	\$10,000
\$625,000 - \$1,000,000	1.60%
\$1,000,001 - \$2,000,000	1.40%
\$2,000,001 – \$5,000,000	1.00%
\$5,000,001 - \$10,000,000	0.85%
\$10,000,001 – And Up	Negotiable

The advisory fee is calculated using the value of the assets in the Account on the last business day of the prior billing period.

These fees are generally negotiable, and the final fee schedule is attached as Exhibit II of the Investment Advisory Contract.

## **FEE BILLING & PAYMENT**

Our asset-based portfolio management fees are annual fees and may be negotiable. Asset-based portfolio management fees are paid quarterly in advance. Payments are due on the first day of the calendar quarter and are based on the account's asset value as of the last business day of the prior calendar quarter multiplied by the applicable annual rate and divided by four (4). The fee for the subsequent quarter is billed and payable within ten (10) days after the end of the prior quarter, based on the value of the Client's account on the last business day of that quarter. We will deduct our asset-based management fee only when in receipt of your written authorization by executing an investment advisory agreement permitting the fees to be paid directly from your account.

Fees for our ongoing asset-based financial guidance services are calculated using the value of the assets under advisement on the last business day of the prior billing period.

Financial guidance fees may be assessed by assets under management, on an hourly basis, or on a fixed fee basis. An estimate for total hours will be determined at the start of the relationship in order to determine whether hourly guidance or project-based guidance is in the client's best interest. One-time/hourly financial guidance fees will be payable upon completion of the financial plan or the rendering of consulting. One-time/hourly financial guidance fees are generally paid via check unless other arrangements have been made.

Clients are responsible for all third-party fees (i.e., custodian fees, mutual fund fees, transaction fees, etc.). These fees are separate and distinct from the fees and expenses charged by NRG.

## **TERMINATION OF AGREEMENT**

Either party may terminate the investment advisory agreement by providing written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable up to and including the effective date of termination.

For all asset-based fees paid in advance, the fee refunded will be equal to the balance of the fees collected in advance minus the daily rate\* times the number of days elapsed in the billing period up to and including the day of termination. (\*The daily rate is calculated by dividing the annual asset-based fee rate by 365.)

Notwithstanding the above, if we do not deliver the appropriate disclosure statement to you at least 48 hours prior to you entering into any written or oral advisory contract with this us, then you have the right to terminate the contract without penalty within five (5) business days after entering into the contract.

## **OTHER COMPENSATION FOR THE SALE OF SECURITIES TO CLIENTS**

Neither NRG nor its supervised persons accept any compensation for the sale of investment products, including asset-based sales charges or service fees from the sale of mutual funds.



**ITEM 6**

## Performance-Based Fees and Side-By-Side Management

We do not charge any performance-based fees, which are fees based on a share of capital gains on or capital appreciation of your assets.

**ITEM 7**

## Types of Clients

We provide our investment advisory services to:

- Individuals
- High Net Worth Individuals

There is no minimum account size required, but each service has a minimum fee which may be waived by NRG in its discretion.

**ITEM 8**

## Methods of Analysis, Investment Strategies, and Risk of Loss

### METHODS OF ANALYSIS

We use various methods of analysis and investment strategies, including the following:

**Modern Portfolio Theory** – Modern portfolio theory (MPT) is a risk-averse theory that involves the construction of portfolios to maximize and optimize expected return based on a given level of market risk, emphasizing that risk is an inherent part of higher reward. According to the theory, it's possible to construct an "efficient frontier" of optimal portfolios offering the maximum possible expected return for a given level of risk.

MPT tries to understand the market as a whole and measure market risk in an attempt to reduce the inherent risks of investing in the market. However, with every financial investment strategy, there is a risk of a loss of principal. Not every investment decision will be profitable, and there can be no guarantee of any level of performance.

**Quantitative analysis** – Quantitative analysis deals with measurable factors as distinguished from qualitative considerations such as the character of management or the state of employee morale, such as the value of assets, the cost of capital, historical projections of sales, and so on.

Investment strategies using quantitative models may perform differently than expected as a result of, among other things, the factors used in the models, the weight placed on each factor, changes from the factors' historical trends, and technical issues in the construction and implementation of the models.

### INVESTMENT STRATEGIES

When formulating investment advice or managing client assets, we will use the following investment strategies. There are inherent risks associated with each of these strategies.

**Long-Term Strategy** – A long-term strategy may not take advantage of short-term gains or may

experience more volatility over the life of the portfolio.

**Core and Satellite** – NRG's core and satellite approach to portfolio construction is a methodology used to combine evidence-based, low turnover mutual funds (core) with smaller holdings of individual stocks, actively managed funds, or alternative investments (satellite). This approach seeks to establish a risk-controlled portfolio while also seeking to secure some prospects of outperformance. Not every investment decision will be profitable, and there can be no guarantee of any level of performance.

Your accounts are managed separately with your underlying investment strategies, restrictions, or investment limitations defined within the investment management agreement.

## POTENTIAL RISKS

Investing involves different levels of risk that can result in loss of any profits and/or principal you have not realized. We manage your account in a manner consistent with your pre-determined risk tolerance and suitability profile. However, we cannot guarantee that our efforts will be successful. Investing in securities involves the risk of loss clients should be prepared to bear.

**Investing involves the assumption of risk, including:**

**Financial Risk:** which is the risk that the companies we recommend to you perform poorly, which affect the price of your investment.

**Market Risk:** which is the risk that the stock market will decline, decreasing the value of the securities we recommend to you with it.

**Inflation Risk:** which is the risk that the rate of price increases in the economy deteriorates the returns associated with the stock.

**Political and Governmental Risk:** which is the risk that the value of your investment will be affected by the introduction of new laws or regulations.

**Interest Rate Risk:** which is the risk that the value of the investments we recommend to you will fall if interest rates rise.

**Call Risk:** which is the risk that your investment will be called or purchased back from you when conditions are favorable to the bond issuer and unfavorable to you.

**Default Risk:** which is the risk that issuer is unable to pay the contractual interest or principal on the investment promptly or at all.

**Manager Risk:** which is the risk that an actively managed mutual fund's investment adviser will fail to execute the fund's stated investment strategy.

**Industry Risk:** which is the risk that a group of stocks in a single industry will decline in price due to adverse developments in that industry, decreasing the value of mutual funds that are significantly invested in that industry.

## ITEM 9

## Disciplinary Information

As of the date of this brochure, we have not been subject to any disciplinary, legal, or regulatory events related to past or present investment clients. There has been no disciplinary, legal, or regulatory events related to us or any of our management persons.

**ITEM 10**

## **Other Financial Activities and Affiliations**

### **FINANCIAL INDUSTRY ACTIVITIES**

Neither NRG nor its management persons are registered or has an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

Neither NRG nor its management persons are registered or has an application pending to register as a futures commission merchant, commodity pool operator, or commodity trading advisor.

### **AFFILIATIONS**

Stefanie Morgan is the sole owner of various real estate rental properties for which she provides property management services. Stefanie Morgan's real estate rental properties and J.P. Davis, Inc. are not affiliated.

### **SELECTION OF OTHER INVESTMENT ADVISERS**

We do not recommend or select other investment advisers for our clients.

**ITEM 11**

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

### **CODE OF ETHICS**

NRG has developed a code of ethics that will apply to all of our supervised persons. We and our IARs must act in a fiduciary capacity when providing investment advisory services to you. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. NRG has a fiduciary duty to all clients. This fiduciary duty is considered the core underlying principle of our code of ethics, which also covers our insider trading and personal securities transactions policies and procedures. We require all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and at least annually thereafter, all supervised persons will acknowledge that they have read, understand, and agree to comply with our Code of Ethics.

Our Code of Ethics is available to clients and prospective clients upon request.

### **RECOMMENDATIONS INVOLVING A MATERIAL FINANCIAL INTEREST**

Neither we nor any related person recommend to clients or buys or sells for clients' accounts securities in which we or a related person has a material financial interest.

### **PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS**

There may be instances where an IAR will recommend to investment advisory clients or prospective clients the purchase or sale of securities in which an IAR, its affiliates, or other clients may also have a position or interest. Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis. Generally, in such circumstances, the affiliated and client accounts will share execution costs equally. Completed trade orders will be allocated according to the instructions from the initial trade order. Partially filled trade orders will be allocated on a pro-rata basis. Any exceptions will be explained in the trade order.

## PERSONAL TRADING

Employees are permitted to have personal securities accounts as long as personal investing practices are in line with fiduciary standards and regulatory requirements and do not conflict with their duty to NRG and our clients. NRG monitors and controls personal trading. We forbid any officer or employee, either personally or on behalf of others, to trade on material, nonpublic information or to communicate such information to others in violation of the law.

## ITEM 12 Brokerage Practices

NRG currently has arrangements with Altruist LLC ("Altruist"), Shareholders Service Group ("SSG"), and RBC Clearing and Custody ("RBC") members of FINRA/SIPC. Altruist, SSG, and RBC are the unaffiliated, qualified custodians, whereby NRG would require clients to custody their accounts. Altruist, SSG, and RBC do not supervise NRG, its agents or activities.

As a fiduciary, we are obligated to seek out the best execution of client transactions for the accounts that we manage. In general, the execution of securities transactions is at a total cost to process each transaction and are the most favorable under the circumstances. However, we do not limit the best execution to the lowest available price. Additional factors are taken into consideration when determining the arrangement and services in the selection of a broker-dealer or qualified custodian. Our review consists of reviewing the commission and fee structures of various broker-dealers, research platforms, and execution services. Accordingly, while we do consider competitive rates, we do not necessarily obtain the lowest possible commission rates for account transactions. Therefore, the overall services provided by unaffiliated broker-dealers and qualified custodians are evaluated to determine the best execution. You may pay trade execution charges and higher commissions through the trading platforms approved by us than through platforms that have not been approved by us.

## RESEARCH AND OTHER SOFT DOLLAR BENEFITS

While NRG has no formal soft dollar program in which soft dollars are used to pay for third-party services, NRG may receive research, products, or other services from custodians and broker-dealers in connection with client securities transactions ("soft dollar benefits"). NRG may enter into soft-dollar arrangements consistent with (and not outside of) the safe harbor contained in Section 28(e) of the Securities Exchange Act of 1934, as amended. There can be no assurance that any particular client will benefit from soft dollar research, whether or not the client's transactions paid for it, and NRG does not seek to allocate benefits to client accounts proportionate to any soft dollar credits generated by the accounts. NRG benefits by not having to produce or pay for the research, products, or services, and NRG will have an incentive to recommend a broker-dealer based on receiving research or services. Clients should be aware that NRG's acceptance of soft dollar benefits may result in higher commissions charged to the client.

## BROKERAGE FOR CLIENT REFERRALS

We do not receive client referrals from broker-dealers.

## DIRECTED BROKERAGE

NRG will require clients to use a specific broker-dealer to execute transactions. We do not permit clients to direct us to execute transactions through another broker-dealer other than Altruist, SSG, and RBC. Not all advisers require clients to use a particular broker-dealer.

## **TRADE AGGREGATION**

If NRG buys or sells the same securities on behalf of more than one client, then it may (but would be under no obligation to) aggregate or bunch such securities in a single transaction for multiple clients in order to seek more favorable prices, lower brokerage commissions, or more efficient execution. In such case, NRG would place an aggregate order with the broker on behalf of all such clients in order to ensure fairness for all clients; provided, however, that trades would be reviewed periodically to ensure that accounts are not systematically disadvantaged by this policy. NRG would determine the appropriate number of shares and select the appropriate brokers consistent with its duty to seek best execution, except for those accounts with specific brokerage direction (if any).

## **ITEM 13 Review of Accounts**

### **PERIODIC REVIEWS**

All client accounts for NRG's advisory services provided on an ongoing basis are reviewed at least twice a year by John P Davis with regard to clients' respective investment policies and risk tolerance levels. All accounts at NRG are assigned to this reviewer.

### **REVIEW TRIGGERS**

Additional reviews may be triggered by events in the client's financial or personal status. We also conduct periodic reviews to evaluate the current market, economic, and political events and how these may affect client accounts.

### **REGULAR REPORTS**

Each client of NRG's advisory services will receive advisory account reports from the custodian at a minimum quarterly, depending on account activity. These reports show asset value by cash balances, security, unit cost, total cost, current per share values, etc. Clients are encouraged to phone or email us as often as they deem necessary to receive information regarding the investment tactics and strategies being followed.

Financial guidance clients are provided a one-time written financial plan concerning their financial situation. After the presentation of the plan, there are no further reports.

## **ITEM 14 Client Referrals and Other Compensation**

NRG receives an economic benefit from certain custodians in the form of support products and services made available to us and when clients maintain accounts at those custodians. These products and services, how they benefit us, and the related conflicts of interest are described above (see Item 12 – Brokerage Practices). The availability to us of these products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

We do not pay a referral fee to third-party solicitors.

## **ITEM 15** Custody

We are not affiliated with the custodian. Altruist, SSG, and RBC do not supervise NRG, its agents or activities. We are deemed to have custody of client funds and securities due to our ability to deduct management fees from clients' accounts. We will not take physical custody of clients' funds and will not assign or transfer trading authorization to another advisor. Clients will receive account statements from the qualified custodian(s) holding their funds and securities at least quarterly. The custodian's account statements will indicate the amount of our advisory fees deducted from the clients' account(s) each billing period. These statements should be carefully reviewed by the client for accuracy. Accordingly, NRG will follow the safeguards specified by the SEC rather than undergo an annual audit.

## **ITEM 16** Investment Discretion

### **DISCRETIONARY AUTHORITY FOR TRADING**

If you are participating in our asset-based portfolio management services, upon receiving your written authorization via our executed investment advisory agreement, we will maintain trading authorization over your designated account and may also implement trades on a discretionary basis.

When discretionary authority is granted, we will have the limited authority to determine the type of securities to be purchased, sold, or exchanged and a number of securities that can be bought, sold, or exchanged for your portfolio without obtaining your consent for each transaction.

On a case-by-case basis, you may place reasonable restrictions on the types of investments that may be purchased or sold in your account so long as the restrictions are explicitly set forth or included as an attachment to the investment advisory agreement.

## **ITEM 17** Voting Client Securities

We do not vote Client proxies. Therefore, Clients maintain exclusive responsibility for: (1) voting proxies, and (2) acting on corporate actions pertaining to the Client's investment assets. The Client shall instruct the Client's qualified custodian to forward to the Client copies of all proxies and shareholder communications relating to the Client's investment assets. If the Client would like our opinion on a particular proxy vote, they may contact us at the number listed on the cover of this brochure.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward you any electronic solicitation to vote proxies.

## **ITEM 18** Financial Information

We are not required to include a balance sheet for our most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to our clients.

We are currently not in, nor have been historically in a financially precarious situation or the subject of a bankruptcy petition.