



# JFS Wealth Advisors

## BROCHURE

Toll Free: 877-745-1700

Email: [info@jfswa.com](mailto:info@jfswa.com) | [www.jfswa.com](http://www.jfswa.com)

1479 N. Hermitage  
Road  
Hermitage, PA 16148  
724-962-3200  
Fax: 724-962-4611

Six PPG Place  
Suite 1250  
Pittsburgh, PA 15222  
412-281-4567  
Fax: 724-281-2725

2005 S. Easton. Road  
Suite 200  
Doylestown, PA 18901  
215-497-5050  
Fax: 215-497-5059

415 Fallowfield Road  
Suite 300  
Camp Hill, PA 17011  
717-975-0509  
Fax: 717-975-0587

1055 Westlakes Drive  
3<sup>rd</sup> Floor  
Berwyn, PA 19312  
610-321-2400  
Fax: 724-383-1254

1600 Market Street  
Suite 3300  
Philadelphia, PA 19103  
215-497-5050  
Fax: 215-497-5059

480 New Holland Avenue  
Suite 7202  
Lancaster, PA 17602  
717-975-0509  
Fax: 717-975-0587

This Brochure provides information about the qualifications and business practices of JFS Wealth Advisors, LLC “JFS”. If you have any questions about the contents of this Brochure, please contact us at 724-962-3200 or [info@jfswa.com](mailto:info@jfswa.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.

JFS Wealth Advisors, LLC is a Registered Investment Advisor. Registration of an Investment Advisor does not imply any level of skill or training. The oral and written communications of an Advisor provide you with information about which you determine to hire or retain an Advisor.

Additional information about JFS Wealth Advisors, LLC is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 – Material Changes

Please note that the following summary addresses only material changes since the last annual update of JFS Wealth Advisors’ brochure, which was dated March 29, 2017.

- For clients of JFS Wealth Advisors prior to August 1, 2017, please note the following:
  - In July 2017, investment vehicles affiliated with Stone Point Capital, LLC (Stone Point) and Kohlberg Kravis Roberts & Co. L.P. (KKR) each made an investment in Focus Financial Partners, LLC (Focus). This transaction resulted in certain funds managed by Stone Point collectively becoming a principal owner of Focus, and the KKR investment vehicles collectively becoming a minority owner of Focus. Because JFS Wealth Advisors, LLC (JFS) is an indirect, wholly-owned subsidiary of Focus, the Stone Point and KKR investment vehicles are indirect owners of JFS. Items 4 and 10 have been revised to reflect this new ownership structure.
- This Form ADV Part 2A now serves as the current and only Form ADV Part 2A for the clients of the former Anchor Financial Group, LLC (AFG).

Therefore, former AFG clients are encouraged to read this Form ADV Part 2 in its entirety as all of the changes from the prior firm cannot be summarized under this Item 2.

### **The following items highlight the firm name, ownership, and management changes impacting clients of the former Anchor Financial Group, LLC.**

- On September 1, 2017, the goodwill of AFG was acquired by, and is now fully owned by, JFS Wealth Advisors, LLC.
- Prior to September 1, 2017, AFG was owned and managed by Donald E. Yost and Michael F. Howard.
- The management team of the combined firm is comprised of the following, all of whom have an ownership interest in the firm.
  - Robert C. Jazwinski (President, Managing Principal)
  - Thomas N. Alvaré (Managing Principal, Senior Lead Advisor)
  - Laura J. Blaire (Chief Operating Officer, Chief Compliance Officer, Managing Principal)
  - Louis V. Colella (Managing Principal, President – Advisory Services)
  - Janet J. Earle (Chief Financial Officer, Managing Principal)
  - J. Stephen Lee (Chief Investment Officer, Managing Principal)
  - Thomas D. Paulus (Managing Principal, Senior Lead Advisor)

- Donald E. Yost and Michael F. Howard will continue to manage the office at 415 Fallowfield Road, Suite 300, Camp Hill, PA 17011.
- Minor changes to Fees and Compensation were made to incorporate the fee schedules of existing clients of AFG.

We will provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure can be requested by contacting Laura Blaire, Chief Compliance Officer, by phone at 724-962-3200 or 1-877-745-1700 or by email at [lblaire@jfswa.com](mailto:lblaire@jfswa.com). Our Brochure is also available on our website, [www.jfswa.com](http://www.jfswa.com), also free of charge.

Additional information about JFS Wealth Advisors, LLC is also 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 JFS Wealth Advisors, LLC (JFS) who are registered, or are required to be registered, as investment adviser representatives of JFS.

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## Brochure Supplement (Part 2B of Form ADV)

Each Brochure supplement contains the following:

- Education and Business Standards
- Professional Credentials
- Biographical Information

Brochure Supplements (Part 2B's) are included for each of the following:

- Robert C. Jazwinski
- Thomas N. Alvaré
- Sarah J. Amey
- Ryan C. Barrett
- Karen L. Chikosky
- Louis V. Colella
- Gary A. Dalessandro
- Aaron K. Dayton
- Sean M. Gibbon
- Barbara J. Glover
- Michael F. Howard
- J. Stephen Lee
- Amanda L. Marcello
- Thomas D. Paulus
- Kevin K. Renne
- William T. Reynard
- Theodore W. Rhinehart
- Deborah A. Stiger
- Kyle P. Stuckey
- Manish Upadhyay
- Joseph J. Virostek
- Robert M. Vogel
- Thomas D. Wilson
- Donald E. Yost
- Ronald W. Yost

#### **Item 4 – Advisory Business**

JFS Wealth Advisors, LLC (JFS), successor to the firm founded in 1986, is part of the Focus Financial Partners, LLC (Focus) partnership. As such, JFS is a wholly-owned subsidiary of Focus Operating, LLC, which is a wholly-owned subsidiary of Focus. Focus also owns other registered investment advisors, broker-dealers, pension consultants, insurance firms, and other financial service firms (the Focus Partners), most of which provide wealth management, benefit consulting, and investment consulting services to individuals, families, employers, and institutions. Some Focus Partners also manage or advisor limited partnerships, private funds, or investment companies as disclosed on their respective Form ADV's.

In July 2017, investment vehicles affiliated with Stone Point Capital, LLC (Stone Point) and Kohlberg Kravis Roberts & Co. L.P. (KKR) each made an investment in Focus. This transaction resulted in certain funds managed by Stone Point collectively becoming a principal owner of Focus, and the KKR investment vehicles collectively becoming a minority owner in Focus. Because JFS is an indirect, wholly-owned subsidiary of Focus, the Stone Point and KKR investment vehicles are indirect owners of JFS.

JFS and JFS' investment advisor representatives are fiduciaries under the Employee Retirement Income Security Act of 1974 (ERISA) or the Internal Revenue Code of 1986 (the Code), or both, with respect to any investment advice provided by JFS or JFS' investment advisor representatives or with respect to any investment recommendations regarding a Retirement Plan subject to ERISA, a participant, or a beneficiary account to the extent the client is:

- A retirement plan (Plan) organized under ERISA;
- A participant or beneficiary of a Plan subject to Title I of ERISA or described in section 4975(e)(1)(A) of the Code, with authority to direct the investment of assets in his/her Plan account or to take a distribution;
- The beneficial owner of an IRA acting on behalf of the IRA; or
- A Retail Fiduciary with respect to a plan subject to Title I of ERISA or described in section 4975(e)(1)(A) of the Code.

#### **Wealth Management Services (WM)**

Wealth Management Services include continuous investment management and personal financial planning. Refer to the "Financial Planning Services" section below for details regarding JFS' approach to financial planning. Providing investment management and financial planning services together under one fee schedule is called the Lifetime Planning Continuum®.

JFS Wealth Advisors, LLC provides continual advice to a client regarding investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, JFS develops a Financial Goal Plan and creates and manages a portfolio based on the Plan. JFS will manage advisory accounts on a discretionary or non-discretionary basis. Account supervision is guided by the stated objectives of the client.

A Financial Goal Plan is developed to determine the appropriate investments, investment timeframes, and levels of risk. The Plan is developed as follows:

- Gather client information.
- Consult with the client to determine goals and objectives.

- Review basic financial data, which may include overviews of assets and liabilities, cash flow, tax situation, short-term events, long-term goals, risk management, and estate structures.
- Identify the need for additional professional advice, such as legal, tax, accounting, etc.

A client may decide to complete a Financial Goal Plan in phases rather than complete a full Plan at one time. The typical areas of a Plan are investment planning, retirement planning, cash flow analysis and budgeting, risk assessment and insurance needs analysis, tax planning, estate planning, and education planning.

A client may impose restrictions on the types of securities included in the portfolio (ex. use only socially responsible securities). However, most clients do not impose restrictions nor do we suggest that they do.

The primary custodians used for client accounts are Charles Schwab & Co., Inc., TD Ameritrade Institutional, Fidelity Investments, and National Advisors Trust Co. Client accounts are typically invested in no load mutual funds or Exchange Traded Funds (ETF's), although other securities can be used depending upon the unique needs, circumstances, and risk tolerance of the individual client.

### **Investment Advisory Services (IAS)**

For those individuals who do not wish to engage JFS for the Wealth Management Services referenced above, JFS offers its Investment Advisory Services (IAS) platform.

Under IAS, the client receives services limited to JFS' allocation (and automatic rebalancing) of the client's assets typically among various mutual funds or ETF's consistent with the client's investment objectives. JFS also provides retirement planning.

JFS remains available to provide personal financial planning and consulting services on a fixed fee basis upon client request.

### **Financial Planning and Advisory Services**

JFS provides a range of financial planning and consulting services, which focus on analyzing a number of different aspects relevant to a client's financial situation, including:

- Personal Financial Statements
- Cash Flow Analysis and Budgeting
- Cash Management
- Investment Planning and Asset Allocation
- Retirement Planning
- Estate Planning
- Tax Planning
- Risk management, Risk Assessment and Insurance Needs Analysis
- Business Planning
- Distribution Planning
- Family Educational Planning

Proper financial planning is an ongoing process. Life's circumstances change, and a client's goals and opportunities change over time. JFS believes that ongoing planning and advice are key factors

in developing and maintaining an investment strategy and that an ongoing relationship should be maintained between the client and JFS.

Financial planning services are typically provided in the form of a Financial Goal Plan. While a Financial Goal Plan is typically comprehensive in nature, JFS will focus on specific financial planning topics based on the client's request and unique needs. Specific services are agreed upon in advance. Clients are engaged under a specific engagement letter that details the nature of the services and the fixed fee amount. These engagement letters can be terminated by the client without penalty by giving written notice of termination within five business days of executing a contract for services. The fixed fee is non-negotiable and non-refundable after the five-day grace period and is payable in full upon completion of contracted services.

### **Tax Preparation Services**

JFS offers to provide tax return preparation services to its clients on a fixed fee basis. The fixed price depends upon the professional providing the service and the complexity of the return. Clients are engaged under a specific engagement letter that details the nature of the services and the fixed fee amount. These engagement letters can be terminated by the client without penalty by giving written notice of termination within five business days of executing a contract for services. The fixed fee is non-negotiable and non-refundable after the five-day grace period and is payable in full upon completion of contracted services.

### **Advisory Services**

JFS typically provides investment advice as a part of Financial Goal Plans issued to clients. The advice is general in nature and includes guidance on asset allocation strategies and alternatives to achieve strategies. Fees for this service are charged on a fixed fee basis. Clients are engaged under a specific engagement letter that details the nature of the services and the fixed fee amount. These engagement letters can be terminated by the client without penalty by giving written notice of termination within five business days of executing a contract for services. The fixed fee is non-negotiable and non-refundable after the five-day grace period and is payable in full upon completion of contracted services.

### **Consulting Services**

JFS provides other services for clients, as requested, on a fixed price basis. These services include, but are not limited to business consulting and strategy, periodic investment reviews, and benefit plan analysis. Clients are engaged under a specific engagement letter that details the nature of the services and the fixed fee amount. These engagement letters can be terminated by the client without penalty by giving written notice of termination within five business days of executing a contract for services. The fixed fee is non-negotiable and non-refundable after the five-day grace period and is payable in full upon completion of contracted services.

### **Business Retirement Plan Consulting Services and Business Retirement Plan Advisory Services**

JFS assists retirement plan sponsors with retirement plan design, group and individual employee education and counseling, investment strategy selection, and monitoring. JFS and the plan sponsor share the fiduciary role and serve as "co-fiduciaries." Custodians of retirement plan Trustee accounts and retirement plan participant accounts include Charles Schwab & Co., Inc., TD Ameritrade Institutional, TD Ameritrade Trust Company, and National Advisors Trust Co. JFS' Business Retirement Plan Consulting Services and Business Retirement Plan Advisory Services are fee-based, and clients are engaged under a specific contract for services. These contracts can be



terminated by the client without penalty by giving written notice of termination within five business days of executing a contract for services. After the five-day period, a client can terminate the agreement at any time with a thirty day written notice.

### **Wrap Fee Programs**

From time to time, JFS has and/or has had clients who participate in wrap fee programs. In such instances, JFS provides advice through consultations by providing clients with access to independent money management firms through the wrap-fee programs offered by Lockwood Advisors, Inc. (LAI), Schwab and/or TD Ameritrade. Each of these firms is a broker-dealer, and none of these firms is affiliated with JFS.

In certain circumstances, JFS selects or recommends certain independent managers to actively manage a portion of its clients' assets. Factors JFS considers in choosing independent managers include the client's stated investment objectives, management style, performance, reputation, financial strength, reporting, pricing, and research. Based on this information, the Lead Advisor, with assistance from the Investment Committee, will select from among the independent investment advisers participating in the respective wrap programs those advisers whose investment objectives and philosophies are consistent with those of the client.

JFS will periodically review and update a client's financial circumstances and investment objectives. When appropriate, JFS will recommend the replacement of one investment manager with another.

Lockwood, Schwab, and TD Ameritrade will continually monitor the investment manager firms participating in their respective wrap programs.

### **Miscellaneous**

#### **Non-Discretionary Service Limitations**

Clients who decide to engage JFS on a non-discretionary investment management or advisory basis must be willing to accept that JFS cannot effect any account transactions without obtaining prior written or verbal consent to any such transactions from the client. Accordingly, in the event of a market correction during which the client is unavailable, JFS will be unable to effect any account transactions (as it would for its discretionary clients) without first obtaining the client's written or verbal consent.

#### **Client Obligations**

Each client retains the responsibility to promptly notify JFS if there is ever any change in the client's financial situation or investment objectives for the purpose of reviewing, evaluating, and/or revising JFS' previous recommendations or services.

When performing requested services, JFS will not be required to verify any information received from the client or from the client's other professionals. JFS is expressly authorized to rely on such information.

#### **Financial Planning and Non-Investment Consulting/Implementation Services**

Neither JFS, nor any of its employees, serves as an attorney. Accordingly, none of JFS' services should be viewed as those provided by an attorney.

When requested by a client, JFS recommends the services of other professionals for the implementation of certain financial planning recommendations or other non-investment implementation purposes (ex. attorneys, accountants, insurance agents/agencies, etc.), including JFS' related licensed insurance entity. Clients are under no obligation to engage the services of any recommended professional. Clients retain absolute discretion over all such implementation decisions and are free to accept or reject any recommendation from JFS.

If any client engages a recommended professional, and a dispute arises afterward relative to that engagement, the client agrees to seek recourse exclusively from and against the engaged professional.

### **Conflict of Interest**

A potential conflict of interest exists for retirement plan rollovers. A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options):

- Leave the money in the former employer's plan, if permitted;
- Roll over the assets to the new employer's plan, if one is available and rollovers are permitted;
- Roll over the assets to an Individual Retirement Account ("IRA"); and/or
- Cash out the account value (which could, depending upon the client's age, result in adverse tax consequences).

If JFS recommends that a client roll over their retirement plan assets into an account to be managed by JFS, such a recommendation creates a conflict of interest if JFS will earn an advisory fee on the rolled over assets. No client is under any obligation to rollover retirement plan assets to an account managed by JFS. JFS' Chief Compliance Officer, Laura Blaire, remains available to address any questions that a client or prospective client may have regarding the potential for conflict of interest presented by such rollover recommendation.

The recommendation by JFS that a client purchase an insurance commission product from JFS' related insurance entity, JFS Risk Management, LLC, presents a conflict of interest. The receipt of commissions by JFS Risk Management, LLC provides an incentive to recommend insurance products based on commissions to be received rather than on a particular client's need. However, JFS does have a duty at all times to act in the client's best interest.

No client is under any obligation to purchase any insurance commission product from JFS' related insurance entity. Clients are reminded that they may purchase insurance products recommended by JFS through other, non-related insurance agencies. JFS' Chief Compliance Officer, Laura Blaire, remains available to address any questions that clients or prospective clients may have regarding this or any other conflict of interest.

### **Class Actions, Bankruptcies, and Other Legal Proceedings**

JFS is available to advise and assist clients relative to legal proceedings involving companies whose securities are held or previously were held in the client's account(s). These include, but are not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct JFS to transmit copies of class action notices to the client or a third party. Upon such direction, JFS will make reasonable efforts to forward such notices in a timely manner. Clients retain the ultimate responsibility for responding to such legal notices.

## **Assets Under Management**

JFS manages \$2,257,194,680 in client assets as of September 15, 2017 of which \$2,007,431,124 are discretionary and \$249,763,556 are non-discretionary.

## **Additional Practices**

JFS provides prospective and new clients with JFS' Privacy Statement, which details JFS' commitment to protecting nonpublic personal client information. JFS does not share nonpublic client information with affiliates or other parties unless authorized by the client to do so or required by law. JFS also provides all clients with a copy of the Privacy Statement annually.

JFS maintains a Business Continuity Plan (BCP), which is reviewed, tested, and updated periodically. The BCP is designed to ensure that JFS is able to resume business functions as quickly as possible in the event of a natural or manmade emergency.

JFS designed and implemented Compliance Processes and Procedures as part of developing its overall Compliance Program. These processes and procedures include, but are not limited to: Portfolio Management, Investment Trading, Proprietary Trading, Disclosures, Safeguarding Client Assets, Recordkeeping, Marketing/Advertising, Valuation of Securities, Privacy, and a Business Continuity Plan. JFS also maintains an Insider Trading Policy and Code of Ethics, which all employees must review and acknowledge in writing no less than annually. JFS reviews and updates these "living" documents periodically to ensure the processes and procedures remain current and accurate. JFS conducts an Annual Review of the Compliance Program, which is reviewed and approved by the Chief Compliance Officer. JFS also provides periodic staff training to ensure employees remain current and informed regarding compliance requirements.

JFS strives to instill and maintain a culture of compliance throughout the firm.

## **Item 5 – Fees and Compensation**

### **FEE SCHEDULES**

Wealth Management Services, Investment Advisory Services, and Business Retirement Plan Services are fee-based, and clients are engaged under a specific contract for services. These contracts can be terminated by the client without penalty by giving written notice of termination within five business days. After the five-day period, clients can terminate the agreement at any time with a thirty day written notice, and fees due will be prorated to the effective date of termination.

**The annual fee for Wealth Management (WM) Services** will be charged as a percentage of assets under management generally not to exceed 1.50%. The most typical fee is the following CUMULATIVE schedule:

- 1.0% of first \$1,000,000 of assets, plus
- 0.9% of next \$1,000,000, plus
- 0.8% of next \$1,000,000, plus
- 0.7% of next \$1,000,000, plus
- 0.6% on assets greater than \$4,000,000
- Minimum \$1,500 per quarter

**The annual fee for Investment Advisory Services (IAS)** will be charged as a percentage of assets under management according to the following schedule:

1.25% of assets  
Minimum \$250 per quarter

**For certain clients, the following has been grandfathered.**

**Cash Management can be provided as an additional service as needed.** Upon client request, advisor provides cash management services, including maintaining cash reserves or systematic withdrawals more frequently than semi-annually. In order to make a clear distinction between invested assets and short-term reserves, and in order not to distort the investment performance of the investment portfolio, these services will be provided through the means of a separate money market or other cash-type account registered in the client's name. For these services, these accounts will be billed a flat rate of 0.25% per annum on the total market value of the account based on data provided by the account custodian and usually deducted directly from the account. Fees will be deducted quarterly based on the asset value at the end of the previous quarter. This fee is assessed separate from any fees assessed on the investment portfolio. These are standard fees, and in certain instances, fees may be reduced based on the situation.

**The annual fee for Business Retirement Plan Services** will be charged as a percentage of assets under management generally not to exceed 1.25%. The most typical fee is the following applicable CUMULATIVE schedule:

0.6% of first \$3,000,000 of assets, plus  
0.5% of next \$2,000,000, plus  
0.3% of next \$5,000,000, plus  
0.2% on assets greater than \$10,000,000  
Minimum \$3,000 per year / \$750 per quarter, not to exceed \$1,000 per participant

### **Billing**

The specific way in which fees are charged by JFS is detailed in the client's specific contract with JFS.

Typically, JFS' advisory fees are billed quarterly in advance based upon the market value of the assets on the last business day of the previous quarter unless otherwise specified in the client's advisory contract. JFS' advisory fee is prorated, if applicable.

Clients may elect to be billed for services or to have fees directly debited from their account(s). The default is for fees to be directly debited.

### **Fixed Price Agreements**

The following services are provided on a fixed price basis and are billed at the completion of the service or client engagement or as detailed in the client's agreement. The fixed price amount is

based upon the requested services, the professional(s) providing the services, and the complexity of the engagement.

- Financial Planning Services, including Tax Planning Services
- Tax Return Preparation Services\*
- Advisory Services
- Consulting Services
- Other Services, including Trust and Estate Administration Services, as requested and mutually agreed upon

\* At the exclusive discretion of JFS, tax return preparation services may be included for certain clients as part of their annual fee for Wealth Management Services.

### **Wrap Fee Programs**

All fees paid to JFS for wrap fee programs through any wrap fee program sponsors are credited towards the participating client's advisory fees. The investment management fees charged by the designated independent manager(s), together with the fees charged by the corresponding designated broker-dealer/custodian of the client's assets, are exclusive of, and in addition to, JFS' investment management or investment advisory fees, which are listed above. In addition, to the extent that an independent manager purchases securities for a client's account, the account will also incur charges imposed directly at the securities level (i.e. advisory fees and other fund expenses).

Fees for wrap fee program accounts vary based on several factors, including but not limited to, account size. Clients should refer to the respective Appendix 1 provided by Lockwood, Schwab, or TD Ameritrade for further details. The fees associated with the wrap fee programs do not include JFS' advisory fee.

Clients should carefully review the disclosure document provided by the wrap fee sponsor and the disclosure document provided by the manager(s) selected by the client for full information on brokerage services and fees.

The fees and account minimums for each wrap fee program are disclosed in the respective program's disclosure document. All fees are paid to Lockwood, Schwab, or TD Ameritrade, which then compensates JFS and the investment manager(s) selected by a client for their services. Clients should review the termination and refund policies for the wrap fee program, which are available in the respective brochures. JFS receives its normal fee schedule, which depends on the service and asset levels of the program participant.

In the event that JFS is engaged to provide investment management services as part of an unaffiliated wrap fee program, JFS will be unable to negotiate commissions and/or transaction costs. Under a wrap program, the wrap program sponsor arranges for the investor participant to receive investment advisory services, the execution of securities brokerage transactions, custody, and reporting services for a single specified fee. Participation in a wrap program may cost the participant more or less than purchasing such services separately. In the event that JFS is engaged to provide investment management services as part of an unaffiliated managed account program, JFS will likewise be unable to negotiate commissions and/or transaction costs. If the program is offered on a non-wrap basis, the program sponsor will determine the broker-dealer through which

transactions must be effected and the amount of transaction fees and/or commissions to be charged to the participant investor's accounts.

## **GENERAL INFORMATION ON FEES & SERVICES**

### **Negotiability of Fees**

In certain circumstances, all of JFS' fees are negotiable. Accordingly, fees vary from client to client although JFS strives to be consistent in its fees. Certain fees are waived for JFS' employees and are often waived or discounted for certain family members of employees.

The fee schedule for each client is detailed in the advisory contract for that client. Fees are discussed with each client and mutually agreed upon before execution of the advisory contract.

### **Fee Calculation**

The advisory fee for Wealth Management Services and Investment Advisory Services are detailed above. The fee charged is calculated as described above and is not charged on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client (Section 205(a) (1) of the Investment Advisers Act of 1940).

The services above can be provided on a fixed price basis depending upon the services requested and the unique needs of the client. The fixed price is agreed upon in advance and is detailed in the specific contract for the services.

### **Account Minimums**

JFS generally requires a \$600,000 aggregate account minimum for Wealth Management Services. However, JFS, in its sole discretion, sometimes charges a lesser management fee and/or reduces or waives its account minimum based on certain criteria (ex. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, etc.).

JFS does not typically enforce an account minimum for Business Retirement Plan Services.

### **Termination of Advisory Relationship**

A client agreement can be canceled at any time, by either party, for any reason upon receipt of a thirty day prior written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement. In the event of withdrawal of funds or the termination of any account, any fees or other expenses associated with rebalancing or liquidating the account holdings will typically be assessed to the client's account or billed.

From time to time, small portions of positions will be sold to bring the cash account balance to the level required for automatic deduction of fees. It is understood that the payment of these fees will reduce the total investment return.

Clients will incur additional transaction costs related to specific investments. JFS neither receives nor shares in any portion of these costs. In the case of individual stocks, bonds, closed-end and

open-end investment companies, options, and the like, there are typically costs charged directly by the custodian and/or clearing broker-dealer. The costs may include transaction fees.

All fees paid to JFS for advisory services (ex. Wealth Management Services, Investment Advisory Services, Business Retirement Plan Services, etc.) are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. JFS believes these costs are unavoidable, but it strives to select funds with low or competitive expense structures. In large part, "no-load" funds are selected. Some funds that are usually distributed through stockbrokers with commission charges may be purchased by JFS without commissions. Some funds also offer "I" or "Institutional Advisor" classes of shares that are not usually available to the general public. These types of shares offer clients internal costs slightly reduced from those of "public" shares.

When deemed cost effective, JFS strives to purchase these lower cost shares, if they are available and comparable to "public" shares. In no instance does JFS receive any portion of mutual fund fees, costs, or any "soft-dollar" benefits from any mutual fund. A client could invest in certain mutual funds directly, without the services of JFS. In that case, the client would not receive the services provided by JFS which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to the client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and the fees charged by JFS to fully understand the total amount of fees to be paid by the client and to evaluate the advisory services being provided.

When beneficial to a client, individual equity and/or fixed income transactions will typically be effected through broker-dealers with whom JFS and/or the client have entered into arrangements for prime brokerage clearing services. This includes effecting certain transactions through other SEC registered and FINRA member broker-dealers. In these instances, the client generally will incur both the transaction fee charged by the executing broker-dealer and a "tradeaway" fee charged by the account custodian.

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

JFS does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of a client's assets).

## **Item 7 – Types of Clients**

JFS provides services to individuals, high net worth individuals, trusts, estates, pension and profit sharing plans, charitable organizations and foundations, businesses, and municipal government entities.

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

The JFS Investment Committee is comprised of seven senior members of the firm including the Chief Investment Officer, President, Managing Principals (2), a Senior Lead Advisor, and the Co-Directors of Investment Management (2). The Committee meets monthly, or more frequently as necessary, to conduct and review fundamental analysis on securities recommended for client accounts. The analysis and methodology of review varies depending on the security under review.

For stocks and bonds the analysis generally includes a review of:

- The issuer's management;
- The amount and volatility of past profits or losses;
- The issuer's assets and liabilities, as well as any material changes from historical norms;
- Prospects for the issuer's industry, as well as the issuer's competitive position within that industry;
- Credit ratings;
- Income potential; and
- Any other factors considered relevant.

For mutual funds and ETFs the analysis generally includes a review of:

- The fund's management team;
- The fund's historical risk and return characteristics;
- The fund's exposure to sectors and individual issuers;
- The fund's fee structure;
- The fund's management style;
- The fund's investment philosophy;
- The fund's total assets under management;
- The fund's style consistency;
- The fund's risk adjusted performance relative to peers;
- The fund's regulatory oversight; and
- Any other factors considered relevant.

The Investment Committee generally meets no less than monthly to discuss existing and prospective investments. Investments are evaluated independently, as well as, in the context of clients' existing holdings and sector exposures. Modern Portfolio Theory (MPT) is the basis for making investment decisions that will determine suitable investments and strategies.

JFS primarily invests for relatively long time horizons, normally for a year or more. However, market developments could cause JFS to sell securities more quickly.

Depending on a client's investment objectives, JFS might engage in short selling or option transactions. All investing involves a risk of loss; however, the use of short selling and option writing poses additional risks that are discussed in detail with any clients who are considering the use of these investment vehicles.

All investing involves a risk of loss that clients should be prepared to bear. Different types of investments involve varying degrees of risk. Clients should not assume that future performance of any specific investment or investment strategy, including those recommended or undertaken by JFS, will be profitable or equal any specific performance levels.

### **Item 9 – Disciplinary Information**

JFS Wealth Advisors, LLC and its employees have no reportable disciplinary history.



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

### **Other Business Activities**

In addition to the services listed in Item 4, JFS also provides certain accounting-related services (ex. journal entries, payroll review, etc.), although JFS is not an accounting firm.

JFS recommends itself to an advisory client who needs these services, in certain circumstances, provided that the recommendation is consistent with JFS' fiduciary duties to the client. If a client decides to hire JFS to provide these services, the fees for these services are entirely separate and distinct from advisory fees charged by JFS. No advisory client is obligated to use JFS to provide any additional services.

JFS' President, Robert C. Jazwinski, was previously a member of the Board of Trustees of Westminster College and Chair of its Investment Committee. He currently serves as a non-voting member of the Investment Committee. He also serves as a trustee of the F.H. Buhl Trust, as a Director of the Community Hope Investment Partnership, and as Chair of the Investment Committee of the Community Foundation of Western Pennsylvania and Eastern Ohio, of which he is an Emeritus Director. He is also an Emeritus Director of Penn-Northwest Development Corp. None of these positions are compensated and all are entirely voluntary.

Robert C. Jazwinski serves on Advisory Boards for Alpha Capital Partners, LP and FNB Capital Corporation for which he is not compensated. He and certain clients of JFS have invested in limited partnership units of Alpha Capital Partners, a private equity fund, and loan participations and private equity funds offered by FNB Capital Corporation, a merchant banking company. Neither Robert C. Jazwinski nor JFS receive compensation for introducing clients to these opportunities. However, in some instances, JFS charges investment management fees on its clients' investments in and sponsored by these organizations. Robert C. Jazwinski participates on the Advisory Boards because it allows him to monitor the activities of the organizations and the underlying investments. Although this could represent a potential conflict of interest, no client is obligated to invest in any firm with which JFS' officers are associated, and JFS has a duty at all times to act in its clients' best interest.

Robert C. Jazwinski served on the TD Ameritrade Institutional Advisor Panel (Panel) for a one year term from February 2006-2007. He served on the Board of Directors of National Advisors Holdings, Inc. and National Advisors Trust Company from early 2007 to February 2008. He also previously served on the advisory council of Envestnet, Lockwood Advisors, and Charles Schwab Company. These activities are not the principal business of JFS or its principal executive officers.

### **Financial Industry Affiliations**

As noted above in response to Item 4, in July 2017, investment vehicles affiliated with Stone Point and KKR each made an investment in Focus. This transaction resulted in certain funds managed by Stone Point collectively becoming a principal owner in Focus, and the KKR investment vehicles collectively becoming a minority owner in Focus. Because JFS is an indirect, wholly-owned subsidiary of Focus, the Stone Point and KKR investment vehicles are indirect owners of JFS. None of KKR, Stone Point, or any of their affiliates participates in the management or investment recommendations of JFS.

JFS' clients are not solicited to invest in any other Focus Partners' advisory services, and generally Focus Partners do not recommend securities, services, or other investment products of other Focus Partner Firms, unless so disclosed on their respective Form ADV's and with the clients' informed consent, nor are any transactions executed through another Focus Partner's affiliated broker-dealer. Further, Focus Partners do not market their services or share client information amongst each other without prior client consent. Management of other Focus Partners are not involved in the management of JFS. Further, JFS' management does not believe the Focus Partnership presents a conflict of interest to JFS' clients. JFS has no business relationship with other Focus Partners that is material to its advisory business or to its clients.

Additional information about Focus can be found at [www.focusfinancialpartners.com](http://www.focusfinancialpartners.com).

JFS is affiliated with JFS Risk Management, LLC, a Pennsylvania licensed insurance agency. JFS Risk Management, LLC offers for sale, insurance-related products on a commission basis, including to investment advisory clients of JFS. The recommendation by JFS that a client purchase an insurance commission product from JFS' related insurance entity, JFS Risk Management, LLC, presents a conflict of interest. The receipt of commissions by JFS Risk Management, LLC provides an incentive to recommend insurance products based on commissions to be received rather than on a particular client's need. However, JFS does have a duty at all times to act in the client's best interest.

No client is under any obligation to purchase any insurance commission product from JFS' related insurance entity. Clients are reminded that they may purchase insurance products recommended by JFS through other, non-related insurance agencies. JFS' Chief Compliance Officer, Laura Blaire, remains available to address any questions that clients or prospective clients may have regarding this or any other conflict of interest.

JFS Capital Partners, LLC is a single member Limited Liability Company owned by Jazwinski Financial Services, Inc. JFS Capital Partners, LLC handles business ventures that can be organized as investment opportunities. These types of business ventures are not a part of the investment advisory activities of JFS Wealth Advisors, LLC. Clients of JFS may be serviced by JFS Capital Partners, LLC, if such services are requested by and/or appropriate to the unique needs of the individual client. No client is obligated to engage the services of JFS Capital Partners, LLC.

JFS Wealth Advisors, LLC, Robert C. Jazwinski, and Thomas N. Alvaré each have a minority ownership interest in a savings and loan holding company, National Advisors Holdings, Inc. (NAH) that formed a federally chartered trust company, National Advisors Trust Company (NATC). NAH and NATC are regulated by the Office of Thrift Supervision. The trust company provides a low cost alternative to traditional trust service providers, and JFS refers clients to NATC for trust, custody, and brokerage services.

### **Affiliated Private Funds**

JFS is affiliated with certain private investment funds (together, the "affiliated funds"):

- Weathervane Capital Partners, LLC.

Condensed descriptions of each of the affiliated funds are listed below. The complete description of the terms, conditions, risks, and fees associated with each of the affiliated funds is detailed in each of the affiliated funds' offering documents.

JFS, on a non-discretionary basis, may recommend that qualified clients consider allocating a portion of their investment assets to these types of affiliated funds. The terms and conditions for participation in any affiliated fund, including management fees, conflicts of interest, and risk factors are detailed in each fund's offering documents. JFS' clients are under absolutely no obligation to consider or make an investment in these or any other private investment fund.

Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints, and lack of transparency. These risk factors are detailed in each fund's offering documents, which are provided to each prospective investor for review and consideration. Unlike other liquid investments that a client may maintain, private investment funds do not provide daily liquidity or pricing. Each prospective client investor would be required to complete a Subscription Agreement. Afterward, the client would have to establish that he or she is qualified for investment in the fund and acknowledges and accepts the various risk factors that are associated with such an investment.

A related person of JFS, Thomas D. Paulus is the managing member of Weathervane Capital Partners, LLC. Weathervane Capital Partners, LLC is the general partner in the Weathervane Capital Partners Fund I, II, III, IV, V, VI, VII, VIII, and IX Limited Partnerships. When appropriate to the needs of accredited investors, JFS may suggest investing in this type of partnership. JFS does not receive a separate advisory fee for assets invested in Weathervane Capital Partners, LLC, any of its Limited Partnerships, or any related private funds. JFS Wealth Advisors does not consider Weathervane Capital Partners, LLC, any of its Limited Partnerships, or any related private funds part of its discretionary asset base. There are no sales fees or commissions paid with respect to Weathervane Capital Partners, LLC, any of its Limited Partnerships, or any related private funds, by any investor or partner. Weathervane Capital Partners, LLC, as a manager, receives separate and typical compensation for acting in this role.

### **Additional Compensation**

JFS receives benefits from the independent custodians JFS uses by participation in the custodians' institutional programs and/or referral programs. (Please see the disclosure under Item 14 below.)

JFS' clients do not pay more for investment transactions effected and/or assets maintained at TD Ameritrade, Charles Schwab, Fidelity Investments, or National Advisors Trust Company as a result of these types of arrangements. JFS, consistent with its best execution obligation, has negotiated favorable transaction fee arrangements with all of the independent custodians used by JFS for the benefit of all of JFS' clients.

There is no corresponding commitment made by JFS to these custodians or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of any such arrangement.

Laura Blaire, JFS' Chief Compliance Officer, is available to address any questions that a client or prospective client may have regarding these types of arrangements and any real or perceived conflict of interest these arrangements create.

As part of its fiduciary duties to clients, JFS strives at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by JFS or its related persons in and of itself creates a potential conflict of interest and may indirectly influence JFS' choice of provider for custody and brokerage services.

## **Item 11 – Code of Ethics, Participation in Client Transactions, & Personal Trading**

JFS has adopted a Code of Ethics expressing the firm's commitment to ethical conduct. JFS' Code of Ethics describes the firm's fiduciary duties and responsibilities to clients, and details JFS' practice of monitoring the personal securities transactions of JFS employees. Individuals associated with JFS buy and/or sell securities for their personal accounts identical to or different than those recommended to clients. It is the expressed policy of JFS that no person employed by JFS put his or her own interests before that of an advisory client or make personal investment decisions based on the investment decisions of advisory clients. It is also the expressed policy of JFS that the allocation of client transactions is fair and equitable. Limited investment opportunities are offered to clients based on an overall suitability assessment based on factors including, but not limited, the following: level of sophistication, net worth, investable assets, risk tolerance, overall asset allocation, investment strategy, and unique needs and objectives. Once suitable clients are identified in this manner, investment opportunities are made available on a pro rata basis.

Additionally, JFS does not affect any principal or agency cross securities transactions for client accounts. Principal transactions are generally defined as transactions where an adviser, acting as the principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to an advisory client. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as the broker-dealer for both the advisory client and for another person on the other side of the transaction. JFS occasionally recommends and/or uses step out trades to manage ETF trading volume if the cost of doing so would be beneficial to the client versus the trading cost of not using step out trades.

To supervise compliance with its Code of Ethics, JFS requires its employees to report covered securities transactions to the firm's Chief Compliance Officer on a quarterly basis. JFS also requires its employees to receive approval from the Chief Compliance Officer prior to investing in any private placements (limited offerings) or IPOs.

JFS requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices. JFS' Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. Any individual not complying with the above is subject to disciplinary measures. JFS will provide a complete copy of its Code of Ethics to any client or prospective client upon request to the Chief Compliance Officer at JFS' principal address.

Refer to Item 10 for additional information regarding conflicts of interest.

## **Item 12 – Brokerage Practices**

### **Brokerage Recommendations**

JFS does not have the discretionary authority to determine the broker-dealer to be used or commission rates to be paid. Clients must direct JFS as to the broker-dealer they wish to use.

JFS recommends broker-dealers to clients based on client objectives, the broker-dealer's past record, and the general reputation of the broker-dealer. However, the ultimate choice of broker-dealer is the client's. If a client selects a broker-dealer suggested and used by JFS, JFS will attempt

to negotiate commissions and obtain volume discounts and has a duty of best execution. The duty of best execution means that JFS has an obligation to get the best overall value for the client when placing trades and must consider cost, quality, timeliness, etc. However, if a client does not select a broker-dealer suggested and used by JFS, it should be understood that JFS will not have authority to negotiate commissions among various broker-dealers or obtain volume discounts, and best execution may not be achieved. In addition, differences in commission charges may exist between the commissions charged to other clients.

JFS currently suggests and uses the following independent broker-dealers (custodians) for custody and brokerage services when appropriate for the client and consistent with JFS' fiduciary duty to put client interests first: Charles Schwab & Co., Inc., TD Ameritrade, Inc., Fidelity Investments, and National Advisors Trust Co. The specific broker-dealer recommended depends upon the client's unique needs, objectives, and preferences.

JFS participates in the Schwab Institutional (SI) services program offered to independent investment advisers by Charles Schwab & Company, Inc., a FINRA member registered broker-dealer and Member SIPC. JFS recommends Charles Schwab & Company to clients who need brokerage and custodial services. As part of the SI program, JFS receives benefits that it would not receive if it did not offer investment advice. (Please see the disclosure under Item 14 below.)

JFS participates in the institutional advisor program offered by TD Ameritrade Institutional (TDA). TDA is a division of TD Ameritrade, Inc. (TD Ameritrade), Member FINRA/SIPC. TD Ameritrade is an independent and unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers services to independently registered investment advisers, which include custody of securities, trade execution, clearance, and settlement of transactions. JFS receives some benefits from TD Ameritrade through its participation in the program. (Please see the disclosure under Item 14 below.)

A condition of participation in a wrap fee program may be that all clients in the program must use a specific broker-dealer for clearing. Clients should refer to the respective brochure and the disclosure document(s) of the investment manager(s) used in the program for information on brokerage practices.

### **Block Trades**

To the extent that a position is being traded in multiple accounts at the same custodian, the trader will typically create a block trade in the rebalancing software for processing at the custodian when possible and advantageous to clients. In these instances, clients participating in block trades will receive an average share price, and transaction costs will be shared equally and on a pro rata basis. Timing of a trade request or submission to the trader is the primary reason that trades for a position that is being traded in multiple accounts at the same custodian would not be part of a block trade. Accounts that are not block traded may not receive the same pricing as those that are included in a block trade.

### **Sequencing of Trades**

As noted above, JFS creates block trades in the rebalancing software for processing at the custodian when possible. JFS also maintains a rotational calendar for custodial sequencing to ensure that JFS

is not trading the same custodian first each time. In addition to the rotational calendar, reasonable measures are taken to minimize the time between uploads to each custodian.

### **Trade Error Policy**

JFS reimburses client accounts for losses resulting from JFS' trade errors but shall not credit accounts for errors resulting in market gains. The gains and losses are reconciled according to the policy of the applicable account custodian. Below are the trade error policies for the primary account custodians JFS uses for client accounts.

Charles Schwab does not use a trade error account; it makes the necessary corrections by buying or selling. When there is a profit from a trade error, Schwab posts a covering trade to the client's account, so the client receives the profit. If the client does not want the profit (ex. for tax purposes), the client may advise Schwab to send the gain to charity. If the profit is \$100 or less, the client may advise Schwab verbally. If the profit is greater than \$100, the client must provide such instructions to Schwab in writing. When there is a loss due to a trade error, JFS is responsible for any losses that are over \$100. Schwab will cover the loss if it is under \$100.

TD Ameritrade automatically moves all net gains from trade corrections to a designated TD Ameritrade Error Account on a daily basis. TD Ameritrade then donates these funds to the American Red Cross or to the 501(c)(3) charity of choice. Net gains are defined as positive error account balances resulting from trade corrections.

Fidelity uses a trade error account. Net losses are deducted from JFS' Fidelity fee account. Net gains due to a trade error are sent by Fidelity to a designated charity. Clients may submit a standing instruction for to designate a specific charity. Otherwise, Fidelity will select a default charity.

At National Advisors Trust Company (NATC), if a trade error results in a profit, the profit can be credited to the client's account or forfeited to a control account at NATC. Losses are moved to a trade error account, and the loss must be covered by JFS.

### **Limited Investment Opportunity Allocation Policy**

Limited investment opportunities are offered to clients based on an overall suitability assessment including, but not limited to, the following factors: level of sophistication, net worth, investable assets, risk tolerance, overall asset allocation, investment strategy, and unique needs and objectives. Once suitable clients are identified in this manner, investment opportunities are made available on a pro rata basis.

### **Item 13 – Review of Accounts**

Underlying securities within JFS managed accounts are continually monitored. Accounts are reviewed as to asset allocation, individual holdings, suitability, and performance. Reviews of holdings used for client portfolios are performed by the Investment Committee on at least a quarterly basis and continually, as needed, based on changes in individual positions.

Client information is downloaded each business day, reflecting holdings and prices as of the close of business the previous business day or other most recently priced day. Calculations of asset allocation, individual position weights, total internal-rates-of-return since inception, and

annualized internal-rates-of return are then made available, if not actually executed each day. Client portfolio data is maintained in-house in a customized, computer database. Transaction records and market pricing are downloaded from custodians each business day or as often as made available. Specific securities common to client portfolios are monitored on an ongoing basis.

The JFS Investment Committee is comprised of seven senior members of the firm including the Chief Investment Officer, President, Managing Principals (2), a Senior Lead Advisor, and the Co-Directors of Investment Management (2). The Committee meets monthly, or more frequently as necessary, to conduct and review fundamental analysis on securities recommended for client accounts. The analysis and methodology of review varies depending on the security under review. The Committee invite contributions from other associates of the Firm and enlist the services of the Chief Compliance Officer when appropriate.

## **REPORTS OF ACCOUNTS**

In addition to the no less than quarterly statements and confirmations of transactions that Wealth Management and Investment Advisory Services clients receive from their designated custodian (ex. Charles Schwab, TD Ameritrade, National Advisors Trust Co., and Fidelity), JFS makes periodic reports available to all clients showing their portfolio's financial profile and performance data. Clients are urged to schedule/attend a face-to-face meeting (Progress Review Meeting) to review details, discuss progress in achieving goals, and determine if goals or plans should be adjusted.

Reports typically include the client's original amount invested, cost basis for tax purposes, current value, cumulative income, internal and time weighted rates-of-return since inception, and annual rate-of-return for each holding. Weightings by category and portfolio totals may be summarized as well.

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

### **Client Referrals/Solicitor Arrangements**

JFS has arrangements in place with certain third parties whereby the firm provides compensation for client referrals. Specifically, JFS has entered into solicitation agreements with Schroedel, Scullin, and Bestic (SSB), TD Ameritrade AdvisorDirect, and Schwab Advisor Network. Each of these arrangements is detailed below. Solicitation agreements inherently give rise to potential conflicts of interest because the solicitor is receiving an economic benefit for the recommendation of advisory services. JFS addresses these conflicts through this disclosure. If a client is introduced to JFS by a solicitor, JFS has agreed to pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Advisers Act and any corresponding state securities law requirements. Any referral fees incurred for successful solicitations are paid solely from JFS' advisory fee and do not result in any additional charge to the client. If the client is introduced to JFS by a solicitor, the solicitor provides the client with a copy of JFS' written disclosure brochure, which meets the requirements of Rule 204-3 of the Advisers Act and a copy of the solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement, including compensation.

JFS has a solicitation agreement with an accounting firm, Schroedel, Scullin, and Bestic (SSB). SSB is independent of JFS. When SSB advisors believe that their clients would benefit from JFS' investment management or financial planning services, the clients are introduced to JFS. If the referred client becomes a client of JFS, SSB shares in a portion of any management fees that may be earned. SSB's share of the fees is approximately 30%. However, the percentage fee may vary

depending on the services being provided by JFS and SSB. JFS does not charge clients referred by SSB any fees or costs higher than its standard schedule offered to its clients. JFS does not pass solicitor fees on to its clients. Specifics are disclosed to each client beforehand. Clients introduced in this manner receive the same services and priorities as all other JFS clients.

JFS receives client referrals from TD Ameritrade, Inc. (TD Ameritrade) through its participation in TD Ameritrade AdvisorDirect (the referral program). In addition to meeting the minimum eligibility criteria for participation in AdvisorDirect, JFS may have been selected to participate in AdvisorDirect based on the amount and profitability to TD Ameritrade of the assets in, and trades placed for, client accounts maintained with TD Ameritrade. TD Ameritrade is a discount broker-dealer independent of and unaffiliated with JFS. There is no employee or agency relationship between them. TD Ameritrade has established the referral program as a way of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisers. TD Ameritrade does not supervise JFS and has no responsibility for JFS' management of client portfolios or JFS' other advice or services. JFS pays fees, not to exceed 25% of the advisory fee that the referred client pays to JFS, to TD Ameritrade in connection with successful referrals made through AdvisorDirect. JFS will also pay TD Ameritrade the solicitation fee on any advisory fees received by JFS from any of a referred client's family members, including a spouse, child, or any other immediate family member who resides with the referred client and hired JFS on the recommendation of the referred client. JFS does not charge clients referred through AdvisorDirect any fees or costs higher than its standard schedule offered to its clients. JFS does not pass solicitor fees on to its clients. Specifics are disclosed to each client beforehand. Clients introduced in this manner receive the same services and priorities as all other JFS clients.

JFS' participation in AdvisorDirect raises potential conflicts of interest. TD Ameritrade will most likely refer clients through AdvisorDirect to investment advisers that encourage their clients to custody their assets and trade client accounts at TD Ameritrade and whose client accounts are profitable to TD Ameritrade. To obtain client referrals from TD Ameritrade, JFS has an incentive to recommend that clients custody assets and place transactions for accounts that JFS manages with TD Ameritrade. Also, JFS has agreed not to solicit clients referred through AdvisorDirect to transfer their accounts from TD Ameritrade or to establish brokerage or custody accounts at other custodians, except when it is in the client's best interest to do so. JFS' participation in the AdvisorDirect program does not change JFS' duty to seek best execution of trades for client accounts.

JFS receives client referrals from Charles Schwab through its participation in the Schwab Advisor Network (SAN). SAN is designed to help investors find an independent investment adviser. Charles Schwab is a broker-dealer independent of and unaffiliated with JFS. Charles Schwab does not supervise JFS and has no responsibility for the management of client portfolios. JFS pays Charles Schwab a fee for each client referral through SAN. JFS' participation in SAN raises potential conflicts of interest as described below.

JFS pays Charles Schwab a "Participation Fee" on all referred clients' accounts that are maintained in custody at Charles Schwab and a "Non-Charles Schwab Custody Fee" on all accounts that are maintained at, or transferred to, another custodian.

The Participation Fee paid by JFS is a percentage of the value of the assets in the client's account. JFS pays Charles Schwab the Participation Fee as long as the referred client's account remains in



custody at Charles Schwab. The Participation Fee is billed to JFS quarterly and may be increased, decreased or waived by Charles Schwab from time to time. The Participation Fee is paid by JFS and not by the client. JFS has agreed not to charge clients referred through SAN fees or costs greater than the fees or costs JFS charges clients with similar portfolios who were not referred through SAN.

JFS generally pays Charles Schwab a Non-Charles Schwab Custody Fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from, Charles Schwab. This fee does not apply if the client was solely responsible for the decision not to maintain custody at Charles Schwab. The Non-Charles Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Charles Schwab. The Non-Charles Schwab Custody Fee is higher than the Participation Fees JFS generally would pay in a single year. Thus, JFS has an incentive to recommend that client accounts be held in custody at Charles Schwab.

The Participation and Non-Charles Schwab Custody Fees are based on assets in accounts of JFS' clients who were referred by Charles Schwab and those referred clients' family members living in the same household. Thus, JFS has incentives to encourage household members of clients referred through SAN to maintain custody of their accounts and execute transactions at Charles Schwab and to instruct Charles Schwab to debit JFS' fees directly from the accounts.

For accounts of JFS' clients maintained in custody at Charles Schwab, Charles Schwab will not charge the client separately for custody but will receive compensation from JFS' clients in the form of commissions or other transaction-related compensation on securities trades executed through Charles Schwab. Charles Schwab also will receive a fee (generally lower than the applicable commission on trades it executes) for clearance and settlement of trades executed through broker-dealers other than Charles Schwab.

Charles Schwab's fees for trades executed at other broker-dealers are in addition to the other broker-dealer's fees. Thus, JFS has an incentive to cause trades to be executed through Charles Schwab rather than another broker-dealer. JFS nevertheless, acknowledges its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at Charles Schwab may be executed through a different broker-dealer than trades for JFS' other clients. Thus, trades for accounts custodied at Charles Schwab may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.

At the time of their introduction to the firm, all potential clients referred by a solicitor are provided with a copy of JFS' Form ADV Part 2. They are also given a specific disclosure form, which they are asked to read, discuss with JFS, and sign to ensure that the nature of our potential association is fully understood.

### **Additional Compensation**

JFS receives compensation from SEI for referring an institution to SEI for provision of financial services.

JFS recommends that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. (SI), a registered broker-dealer, Member SIPC/NYSE, to maintain custody of clients' assets and to effect trades for their accounts. Schwab Institutional provides JFS with access to its institutional trading and operations services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers

at no charge to them so long as a total of at least \$10 million of the adviser's clients' account assets are maintained at Schwab Institutional.

SI's services include research, brokerage, custody, access to mutual funds and other investments that are otherwise available only to institutional investors or would require a significantly higher minimum initial investment. SI also makes available to JFS other products and services that benefit JFS but may not benefit its clients' accounts directly. Some of these other products and services assist JFS in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of JFS' fees from its clients' accounts, and assist with back-office support, recordkeeping and client reporting. Many of these services are used to service all or a substantial number of JFS' accounts, including accounts not maintained at SI.

SI may also provide JFS with other services intended to help JFS to manage and further develop its business enterprise. These services may include consulting, publications and presentations on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, SI may make available, arrange and/or pay for these types of services to JFS by independent third parties. SI may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to JFS.

While as a fiduciary JFS strives to act in its clients' best interests, JFS' recommendation that clients maintain their assets in accounts at SI may be based in part on the benefit to JFS of the availability of some of the products and services listed above.

JFS also recommends that clients establish brokerage accounts with TD Ameritrade Institutional (TDA), a registered broker-dealer, to maintain custody of clients' assets and to effect trades for their accounts. TDA is a division of TD Ameritrade, Inc. (TD Ameritrade), Member FINRA/SIPC. TD Ameritrade is an independent and unaffiliated SEC-registered broker-dealer and FINRA member. There is no direct link between JFS' participation in the program and the investment advice it gives to its clients, although JFS receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors.

TDA's products and services (provided without cost or at a discount) include receipt of duplicate client statements and confirmations, research related products and tools, consulting services, access to a trading desk serving adviser participants, access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts), the ability to have advisory fees deducted directly from client accounts, access to an electronic communications network for client order entry and account information, and access to mutual funds with no transaction fees and to certain institutional money managers. Services may also include discounts on compliance, marketing, research, technology, and practice management products or services provided to JFS by third party vendors.

TDA previously paid for business consulting and professional services received by JFS' related persons. Some of the products and services made available by TDA through the program may benefit JFS but may not directly benefit its client accounts. These products or services may assist JFS in managing and administering client accounts, including accounts not maintained at TDA. Other services made available by TDA are intended to help JFS manage and further develop its

business enterprise. The benefits received by JFS or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TDA.

As noted in Item 12, JFS considers a number of factors in recommending custodians and brokers for client accounts. Such factors include, but are not limited to, execution capability, experience and financial stability, reputation, and the quality of services provided.

JFS may receive free or discounted support services and products from other independent custodians JFS uses, such as National Advisors Trust Company and Fidelity Investments. These products and services help JFS better monitor and service client accounts maintained at that particular custodian. These services and products may include investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance related publications, and practice management related publications. They may also include free or discounted consulting services, conference registration fees, meetings, other educational and/or social events, and computer software and/or other products used by JFS for its investment advisory business operations. Some of the support services and products assist JFS in managing and administering client accounts. Others do not directly provide such assistance, but assist JFS in managing and further developing its business enterprise. This may include discounted and shared expenses for existing and prospective client events.

JFS' clients do not pay more for investment transactions effected and/or assets maintained at TD Ameritrade, Charles Schwab, Fidelity Investments, or National Advisors Trust Company as a result of these types of arrangements. JFS, consistent with its best execution obligation, has negotiated favorable transaction fee arrangements with all of the independent custodians used by JFS for the benefit of all of JFS' clients.

There is no corresponding commitment made by JFS to these custodians or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of any such arrangement.

JFS' parent company is Focus Financial Partners, LLC (Focus). From time to time, Focus holds partnership meetings and other industry and best-practices conferences, which typically include JFS, other Focus firms, and external attendees. These meetings are first and foremost intended to provide training or education to personnel of Focus firms, including JFS. However, the meetings do provide sponsorship opportunities for asset managers, asset custodians, vendors, and other third party service providers. Sponsorship fees allow these companies to advertise their products and services to Focus firms, including JFS. Although the participation of Focus firm personnel in these meetings is not preconditioned on the achievement of a sales target for any conference sponsor, this practice could nonetheless be deemed a conflict as the marketing and education activities conducted, and the access granted, at such meetings and conferences could cause JFS to focus on those conference sponsors in the course of its duties. Focus attempts to mitigate any such conflict by allocating the sponsorship fees only to defraying the cost of the meeting or future meetings and not as revenue for itself or any affiliate, including JFS. Conference sponsorship fees are not dependent on assets placed with any specific provider or revenue generated by such asset placement.

The following entities have provided conference sponsorship to Focus in the last year:

- Fidelity Brokerage Services

- J.P. Morgan Asset Management
- Charles G. Schwab & Co.
- Lord Abbett & Co.

Laura Blaire, JFS' Chief Compliance Officer, is available to address any questions that a client or prospective client may have regarding these types of arrangements and any perceived conflict of interest these arrangements create.

As part of its fiduciary duties to clients, JFS strives at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by JFS or its related persons in and of itself creates a potential conflict of interest and may indirectly influence JFS' choice of provider for custody and brokerage services.

### **Item 15 – Custody**

All investment accounts are held at a qualified custodian (ex. Charles Schwab, TD Ameritrade, Fidelity Investments, and National Advisors Trust Co.). The custodian provides the client with no less than quarterly statements for each account. JFS urges clients to carefully review these statements and compare such official custodial records to the account statements that JFS provides the client. JFS' statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

JFS has custody of some client funds and securities because JFS deducts advisory fees from client accounts when directed and authorized by the client to do so and because certain clients have executed standing letters of authorization for distributions. JFS also has custody for client accounts for which Robert C. Jazwinski and/or other principals or employees serve as trustee as requested and authorized by the client, and due to a related person(s) serving as managing member of limited partnerships in which JFS' clients invest. Certain JFS officers and employees serve as trustee for client accounts, as requested and authorized by the client, where the client is a close family member.

Effective March 12, 2010, JFS is subject to a surprise annual audit by a qualified, PCAOB Certified Public Accounting (CPA) firm, including related filings, for those client accounts where JFS is deemed to have custody. These include, but are not be limited to, the account types listed above.

### **Item 16 – Investment Discretion**

JFS usually receives authority from the client at the beginning of an advisory relationship to select the identity and amount of securities to be bought or sold without prior consent (discretionary authority). In all cases, however, this discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, JFS observes the investment policies, limitations and restrictions of the clients for which it advises. Asset allocations and preferences are typically detailed in an investment policy statement, asset allocation form, or investment recommendation letter. JFS' discretionary authority is detailed in the client's advisory agreement or a separate Limited Power of Attorney form. Investment restrictions are typically listed in the advisory agreement.

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Changes to investment guidelines and restrictions must typically be provided to JFS in writing.

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

JFS does not vote proxies for its clients as a matter of firm policy and practice. Clients expressly retain the authority for and responsibility to vote proxies for any and all securities maintained in client accounts. JFS may provide advice to clients regarding the clients' voting of proxies.

#### **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide clients with certain financial information or disclosures about their financial condition. JFS has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.

**JFS' Chief Compliance Officer, Laura Blaire, remains available to address any questions regarding this Part 2A.**