

# CARLTON | HOFFERKAMP & JENKS

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## WEALTH MANAGEMENT

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This brochure provides information about the qualifications and business practices of Carlton Hofferkamp & Jenks Wealth Management, LLC ("CHJ"). If you have any questions about the contents, please contact us at (281) 298-2700 or [info@chjwealthmanagement.com](mailto:info@chjwealthmanagement.com). The information in this brochure has been provided by the firm and has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

CHJ is a Registered Investment Advisor ("RIA"). Registration of an investment advisor does not imply a certain level of skill or training. The oral and written communications of an advisor provide you with information to make the determination to hire or retain an advisor.

Additional information about CHJ is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

CHJ Wealth Management, LLC  
Form ADV Part 2A/Brochure  
March 22, 2017

## **Item 2 | Material Changes**

There have been no material changes since our prior brochure.

Clients or prospects may request a complete brochure at any time without charge by contacting Client Relations at (281) 298-2700 or [info@chjwealthmanagement.com](mailto:info@chjwealthmanagement.com). Additional information about CHJ and persons affiliated with CHJ is also available via the SEC's web site: [www.adviserinfo.gov](http://www.adviserinfo.gov).

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## ADDENDUM: BROCHURE DISCLOSURE

## Item 4 | Advisory Business

### THE COMPANY

Carlton Hofferkamp & Jenks Wealth Management, LLC (“CHJ”) is an investment advisory firm that provides investment management, financial planning, estate planning and retirement income planning to its clients on a fee basis. The firm was established on 8/26/2010 with James C. Carlton as the majority owner and managing Director.

CHJ’s investment management services are tailored for each client and each individual account. We do not have any pooled accounts. Each account receives individual attention on the recommended asset mix, the securities chosen within that mix, and the overall management of the account.

We primarily manage our accounts on a discretionary basis, in which we make the decisions on what investments to buy and what to sell, and when to buy or sell. However, clients have the ability to direct us to buy a certain investment, and also the ability to request that we do not buy a certain investment. We can set up accounts that are not managed on a discretionary basis, but that is not our primary way of doing business.

We utilize the brokerage and clearing services from the following “Custodians”: Charles Schwab & Co., Inc. (“Schwab”) and Interactive Brokers (“IB”) for investment management accounts.

A CHJ employee who is a registered representative has the ability to offer securities brokerage and insurance products through Purshe Kaplan Sterling, Inc. (“PKS”), an SEC registered broker-dealer and member of FINRA. He may receive additional commissions and compensation as a result of securities and insurance transactions. *CHJ does not receive any portion of these commissions.* A conflict of interest may exist if the registered representative receives commissions and compensation based on his recommendation on an investment product.

### WRAP FEE PROGRAMS

CHJ does not participate in wrap fee<sup>1</sup> programs.

### ASSETS UNDER MANAGEMENT

Assets under management as of 12/31/16:

Discretionary: \$289,440,980

Non-Discretionary: \$2,583,540

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<sup>1</sup> A “wrap” fee program is an advisory program under which specified fees not based directly upon transactions in a client’s account are charged for investment advisory services and the execution of client transactions.

## Item 5 | Fees and Compensation

### INVESTMENT MANAGEMENT FEES

This fee shall vary (between 1.00% and 2.00%) depending upon the:

- Market value of the assets under management
- Investment style of the account (e.g. active, conservative, etc.)
- Complexity of the project
- Type of management services to be rendered

Fees may be negotiable based on:

- Future additional assets
- Dollar amount of assets to be managed
- Related accounts
- Type of assets
- Pre-existing client

The Schwab management fee will be calculated as a percentage fee based upon the market value of the assets on the last day of the previous quarter. This fee is prorated and paid quarterly in advance.

The fee for the initial quarter will be calculated on a pro rata basis on the date the assets have been designated for our management.

With the client's approval, fees are deducted from their account by the "custodians." The client may also choose to be billed. All fees are reflected on client statements which are prepared by and sent to the client from the "custodians."

If the account is terminated, our annual fee will be prorated through the date of termination and any remaining balance will be charged or refunded to the client in a timely manner.

Clients may make deposits to and withdrawals from their account at any time by notifying us and will be subject to securities settlement procedures. If deposits or withdrawals occur after the inception of a quarter, the fee payable on these assets will not be adjusted or prorated. Clients should bear in mind that our portfolios are designed as long-term investments and the withdrawal of assets may impair the achievement of their investment objectives.

The "IB" management fee will be an annualized percentage, calculated on a daily basis based on the end of day market value and paid quarterly.

We may also provide our clients with certain financial planning services (which may include non-investment related matters). Any financial planning services shall be included as part of the overall investment management fee.

## **OTHER FEES OR EXPENSES**

In addition to our management fee, clients may incur certain charges imposed by the “custodian” and other third parties which may include (but are not limited to):

- Custodial fees (for retirement accounts)
- Transaction fees
- Wire transfer fees
- Charges imposed directly by a mutual fund or exchange traded fund in the account (which will be disclosed in the fund’s prospectus)
  - 12B-1 Fees
  - Deferred Sales Charges
  - Odd-lot differentials

At the client’s request and agreement, certain CHJ employees that are registered representatives with Purshe Kaplan Sterling, Inc. (“PKS”) may offer brokerage services and insurance products under commission arrangements with:

- Insurance companies
- Mutual fund companies
- Real Estate Investment Trusts (REITS)

*CHJ does not receive any portion of the commissions.*

## **Item 6 | Performance-Based Fees and Side-by-Side Management**

CHJ does not participate in any performance-based fees<sup>2</sup>.

## **Item 7 | Types of Clients**

CHJ provides financial planning and investment management services to:

- Individuals
- Pension and profit sharing plans

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<sup>2</sup> Fees based on a share of capital gains on or capital appreciation of client assets.

- Trusts and estates
- Charitable organizations
- Corporations
- Business entities

CHJ's minimum account size is \$500,000. We reserve the right to accept smaller amounts under certain circumstances.

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

Initially we determine through consultation with our clients what mix of investments would work best for them. The type of securities that we most often own in our client's accounts are individual stocks, bonds, exchange traded funds, real estate investment trusts, master limited partnerships and mutual funds. Factors we consider in determining the appropriate mix for each client are their age, financial situation, goals for the future and feelings toward risk and volatility. Once we determine what types of investments will make up the account, we decide which specific securities to own.

Our investment selection process is two-fold:

- 1) Fundamental analysis<sup>3</sup> is conducted for each security. Using numerous research sources and information from the company itself, we establish a reason to own or not to own a particular stock.
- 2) Technical analysis<sup>4</sup> is applied to see how a stock has been trading and whether now may be a good time to buy it.

This process is ongoing and investments are continually monitored by us on our client's behalf.

While we are diligent in our investment analysis and management process, clients should keep in mind that owning any of the types of securities mentioned above include risk of principal, and some or all of the money invested in any of these securities could be lost.

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<sup>3</sup> Fundamental analysis involves analyzing a company's financial statements and health, evaluating its management and competitive advantages and making projections on its business and market performance.

<sup>4</sup> Technical analysis involves reviewing charts and graphs to forecast the direction of prices through the study of past market data, price and volume.

## Item 9 | Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of CHJ or the integrity of our management. CHJ has no information applicable to this item.

## Item 10 | Other Financial Industry Affiliations and Activities

As a convenience to our clients, a CHJ employee is a registered representative with PKS to facilitate additional types of securities transactions, such as insurance products and alternative investments. CHJ does not sell insurance products to its investment advisory clients. This registered representative is also a licensed insurance agent with various insurance companies and may receive commissions. Full disclosure of these commissions is required. A conflict of interest may exist when insurance commissions or additional compensation is earned from these recommended products. *CHJ does not receive any portion of these commissions.*

If a client desires, the registered representative may buy and sell securities under a commission arrangement (instead of our customary fee basis) on the client's behalf. These commissions may be higher or lower than those charged by other broker-dealers. Prior to any transactions, the client will be required to enter into a new account agreement with PKS. Brokerage commissions will be charged by PKS and a portion of these commissions may be paid to this registered representative. This registered representative may also receive trailer commissions on investments held at PKS. A conflict of interest may exist when commissions or additional compensation is earned by the registered representative. *CHJ does not receive any portion of these commissions.*

FINRA Rule 3040 requires registered representatives to conduct securities transactions through their own broker-dealer. Unless written consent is obtained from PKS to execute securities transactions through a different broker-dealer, the representative must execute securities transactions through PKS.

If the client chooses to use a broker-dealer other than PKS, the commissions may be higher or lower than those charged by PKS. Under this arrangement, neither CHJ nor the registered representative will receive any commission or compensation.

## Item 11 | Code of Ethics

CHJ has adopted a Code of Ethics for all employees of the firm describing its high standard of business conduct and fiduciary duty to its clients. All employees are required to sign and acknowledge our Code of Ethics annually.

Our employees are permitted to buy or sell securities for their own accounts and for their immediate family's accounts that are also recommended to clients. This may create a conflict of



interest. Transactions on any securities for employees may be batched along with the client's transactions. If the CHJ employee is not part of the batched transaction and because a client's trade always takes precedence over an employee's trade, the employee must wait until client trades are executed to buy/sell the same security with the approval from the Chief Investment Officer.

These requirements are not applicable to:

- Direct obligations of the Government of the United States
- Money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements
- Shares issued by mutual funds or money market funds
- Shares issued by unit investment trusts that are invested exclusively in one or more mutual funds

Employees are required to report their personal securities holdings and transactions and obtain pre-approval of certain investments, such as initial public offerings and limited offerings, from the Compliance Officer of CHJ.

Our privacy policy meets the requirements of Rule 204-3 of the Investment Advisors Act of 1940. A copy of this privacy policy notice is provided to each client prior to or along with the execution of the Discretionary Agreement. A copy of our privacy policy is mailed to our clients on an annual basis.

CHJ's clients or prospective clients may request a copy of our Code of Ethics by contacting Client Relations at (281) 298-2700 or [info@chjwealthmanagement.com](mailto:info@chjwealthmanagement.com).

## **Item 12 | Brokerage Practices**

We recommend that clients utilize the brokerage and clearing services of the "custodians" listed on page 4 for investment management accounts.

When recommending the "custodians" on page 4 to clients, we consider their respective financial strength, reputation, trade execution, pricing, research, and service.

The "custodians" enables us to obtain many securities with or without transaction charges. The commissions and/or transaction fees charged by the "custodians" may be higher or lower than those charged by other broker-dealers. Keep in mind that cost is not the sole determining factor of our broker-dealer choice, and while we will seek competitive rates, we may not necessarily obtain the lowest possible commission rates for client transactions.

All trades are executed and allocated on the “custodians” trading platform. Their trading platform provides adequate execution on individual or block trades based on our size, trading style and strategy.

CHJ’s investment management services are tailored for each client and each individual account. When we decide to buy or sell a security for more than one client, we will attempt to batch the trade. Batching a trade will allow everyone to receive the same price. Because each account is individually managed and each client’s needs are different, they may or may not be included in the batched trade. If they are not included in the batched trade, the security may be purchased or sold on an individual basis at a later time.

In the event that a batch trade is not completely filled, allocation will be at the Advisors discretion. No client will receive preferential treatment and allocations will be made on a rotational basis.

CHJ may receive a “Courtesy Discount” from for a portfolio reporting system known as Portfolio Services. Schwab provides this service to produce quarterly summary statements and other reports on behalf of CHJ. Schwab typically charges for this service, because of CHJ’s size and assets under management in custody at Schwab, CHJ is offered this “Courtesy Discount.” The benefit derived is solely CHJ’s.

CHJ does not participate in any soft dollar arrangements or payment for order flow, nor do we have any directed brokerage arrangements.

## **Item 13 | Review of Accounts**

We are diligent in our investment management and remain continuously aware of investments in client accounts, monitoring their asset mix and their exposure to markets. Accounts are reviewed as an ongoing process.

We encourage face-to-face meetings with our clients to discuss any changes in their investment goals, risk tolerance, restrictions, financial situation, etc. They are advised to promptly notify us should there be any changes. We request the client provide us any updated information on at least an annual basis.

In addition to the monthly statements provided by the “custodians”, CHJ provides clients with a quarterly summary statement prepared by a third party which includes their portfolio market value, allocation, holdings and performance for the period.

Along with this quarterly summary, clients receive a written market update authored by our Managing Director and Principals which discusses the economy and market for the quarter just ended and also what may lie ahead in the upcoming quarter. Additionally, clients receive daily market update emails, which may occur more frequently should market conditions dictate.

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

We do not participate in any client referral programs.

## **Item 15 | Custody**

We do not have custody of client assets or funds.

## **Item 16 | Investment Discretion**

CHJ receives discretionary trading authority from the client at the outset of an advisory relationship. Before we provide any investment management services, the client is required to sign a Discretionary Investment Management Agreement. This agreement will continue in effect until terminated by either the client or CHJ.

We also offer discretionary and non-discretionary advice to clients relative to: variable life and annuity products, employer-sponsored retirement plans (such as 401ks), 529 plans or other products that may not be held in their custodial account or directly managed by us. In so doing, we either direct or recommend the allocation of client assets among the various investment options that are available with the product. These assets will be maintained at the specific insurance company or custodian designated by the product.

Clients have the ability to direct us, in writing, to buy a certain investment, and also the ability to request that we do not buy a certain investment.

Clients can make any additions to and withdrawals from their account at any time.

## **Item 17 | Voting Client Securities**

As a matter of firm policy and practice, we do not vote proxies on behalf of advisory clients. Clients are responsible for receiving and voting proxies for securities maintained in their portfolios. We may provide advice regarding voting proxies at the client's request.

## **Item 18 | Financial Information**

As a registered investment adviser, we are required to provide you with certain financial information or disclosures about our financial condition. We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to clients, and have not been the subject of a bankruptcy proceeding.

## BROCHURE DISCLOSURE

Our firm's principal executive officers and management persons are:

### **JAMES CARLTON**

*Managing Director/Chief Investment Officer*

Born 1958

#### Post-Secondary Education

St. Louis University, 1981

Bachelor of Science, Finance and Economics

#### Recent Business Background

Carlton, Hofferkamp and Jenks Wealth Management, LLC	8/2010 - Present
<i>Managing Director &amp; Chief Investment Officer</i>	

Private Client Services, a division of Sterling Bank	2/2001 - 8/2010
<i>Sr. Vice President &amp; Manager</i>	

Prior to establishing Carlton, Hofferkamp & Jenks Wealth Management, Jim spent nearly 10 years at Sterling Bank in Houston where he became Sr. Vice President and Manager of the bank's Private Client Services Group. Jim began his investment career in 1985 at Merrill Lynch in St. Louis, Mo. He later spent time at Stifel Nicolaus as well as Clayton Asset Management, where he became Chief Investment Officer and managed Clayton Equity Partners investment fund.

### **SCOTT HOFFERKAMP, CFS®**

*Principal*

Born 1972

#### Post-Secondary Education

Millikin University, 1994

Bachelor of Arts, Political Science

#### Recent Business Background

Carlton, Hofferkamp and Jenks Wealth Management, LLC	8/2010 - Present
<i>Principal</i>	

Purshe Kaplan Sterling Investments, Inc.	8/2010 - Present
<i>Registered Representative</i>	

Private Client Services, a division of Sterling Bank	1/2006 - 8/2010
<i>Vice President</i>	

Scott began his career advising and guiding investors with investments, risk management, estate planning and asset protection at Morgan Stanley over 21 years ago. Prior to his time at Sterling Bank, Scott was a Vice President and Senior Investment Advisor for Amegy Investments, Inc.

Scott is also a registered representative with Purshe Kaplan Sterling Investments, Inc. (“PKS”), an SEC registered broker-dealer and member of FINRA, and a licensed insurance agent with various insurance companies. He may receive additional commissions and compensation as a result of securities and insurance transactions. A conflict of interest may exist if the registered representative receives commissions and compensation based on his recommendation on investment products.

## **BARBARA JENKS**

*Principal*

Born 1951

### Post-Secondary Education

Parkland College, 1971

Associate Science, Accounting

### Recent Business Background

Carlton, Hofferkamp and Jenks Wealth Management, LLC

8/2010 - Present

*Principal*

Private Client Services, a division of Sterling Bank

2/2005 - 8/2010

*Assistant Vice President*

With nearly 40 years of financial services and investment experience, Barb began her career at a local financial institution in 1977 and is a former banking officer and industry veteran.

CHJ employees are supervised by Jim Carlton, Managing Director and Chief Investment Officer, (281) 298-2700. Client advice is based on decisions made by the Investment team of Jim Carlton and Scott Hofferkamp.