

**Item 1: Cover Sheet**

**INFORMATIONAL BROCHURE**



REMBERT | PENDLETON | JACKSON

**REMBERT PENDLETON JACKSON**

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**This brochure provides information about the qualifications and business practices of Rembert Pendleton Jackson. If you have any questions about the contents of this brochure, please contact us at (703) 821-6655 and/or [CER@rpjadvisors.com](mailto:CER@rpjadvisors.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. Rembert Pendleton Jackson is a registered investment adviser. Registration does not imply any certain level of skill or training.**

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

**Item 2:        Statement of Material Changes**

Rembert Pendleton Jackson is required to disclose any material changes to this ADV Part 2A here in Item 2. Since the Firm's 2018 annual updating amendment, there are no material changes to report.

**Item 3: Table of Contents**

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INFORMATIONAL BROCHURE  
REMBERT PENDLETON JACKSON

**Item 4:        Advisory Business**

Rembert Pendleton Jackson (“RPJ”) is an investment and financial advisor to high net worth individual, business and institutional clients. It is a “fee-only” advisory firm and has been solely registered with the Securities and Exchange Commission since 1984. The firm is owned entirely by principals of the firm. The two principals who own 25% or more are: Newton Pendleton and Charles Rembert.

We believe strongly that a fiduciary relationship is the most appropriate way to assist any client with the management of their investment assets. As a fiduciary, we receive no compensation from mutual fund companies, broker-dealers, custodians, or any other such entity. As a result, we have no incentive or motivation to recommend any specific investment or product that might increase our compensation or revenue. We sell no products. Our only duty is to our client and to make investment recommendations that we believe are in their best interests. RPJ strives to provide every client with the highest level of individualized service in the industry, and custom tailor our advice because each client has unique needs.

Financial Planning

*Individuals*

Establishing financial goals and providing for the realization of those goals is the most fundamental challenge faced by individuals and families. Studies on the financial status of American families reveal that far too little attention is devoted to planning for the future.

Client goals that range from maintaining a certain retirement lifestyle, to effective estate planning, are far too complex to address on a one-meeting basis. RPJ offers comprehensive, objective and individualized planning services based on each client’s unique financial goals and circumstances.

Our financial planning services for families and individuals may include numerous aspects of a client’s financial life; i.e.: evaluating insurance needs, income tax, cash management, estate, education, retirement, and special needs, and planned-giving planning.

We take the time to look at a client’s total financial picture. We believe in creating a financial plan and using that as the basis to implement investment, estate planning, and insurance decisions. In most cases, the client will supply to RPJ information including income, investments, savings, insurance, age and many other items that are helpful to the firm in assessing your financial goals. The information is typically provided during personal interviews and supplemented with written information. Once the information is received, we will discuss your financial needs and goals with you, and compare your current financial situation with the goals you state. Once these are compared, we will create a financial and/or investment plan to help you meet your goals.

The plan is intended to be a suggested blueprint of how to meet your goals. Not every plan will be the same for every client. Each one is specific to the client who requested it. Because the plan is based on information supplied by you, it is very important that you accurately and completely communicate to us the information we need. We determine these objectives by reviewing new client

questionnaires and then interviewing the client for additional background and clarity so we can gather a more complete picture of a client's needs. It is very important that you continually update us with any changes so that if the updates require changes to your plan, we can make those changes. Otherwise, your plan may no longer be accurate.

### *Institutions*

Consulting services for institutional clients may include creating, reviewing and monitoring investment policy statements, investment portfolios, and cash management, as well as special needs related to fiduciary education, succession planning and investment management training.

### Investment Advisory Services

#### *Individuals*

Our investment advisory services are rooted in our status as fiduciaries. As fiduciary advisors, we must put our clients' best interests first, disclose any actual or potential conflicts of interest, treat all client information in strict confidence, and, generally, adhere to the highest ethical standards managing client financial affairs. Furthermore, we are only compensated through our clients' fees. This means we do not receive any compensation other than our client fees. We do not receive commissions, fees, or bonuses from the investment recommendations we make from any third party.

RPJ's investment advisory services encompass an assessment of the client's financial situation; risk tolerance and time horizon, followed by asset allocation, investment selection, and investment implementation recommendations. RPJ meets with clients to review performance periodically, this means quarterly, to annually, or any time on an as-needed basis.

All RPJ services are tailored to the needs of our individual clients, based on a review, as noted above, of a client's financial situation, risk tolerance and time horizon. In this context, we always adhere to guidelines and requirements of each client, and will, if required, restrict certain types of securities or investments from the portfolio, accordingly.

Asset management services are provided on either a "discretionary" or a "non-discretionary" basis. When a client engages us to provide investment management services on a non-discretionary basis, this means that changes to your account will not be made until we have confirmed with you (either verbally or in writing) that our proposed change is acceptable to you. We will monitor your accounts to ensure that they are meeting your asset allocation requirements. If any changes are needed to your investments, we will contact you and suggest a course of action. These changes may involve selling a security or group of investments and buying others or keeping the proceeds in cash. You may at any time place restrictions on the types of investments we may use on your behalf, or on the allocations to each security type. You may receive at your request written or electronic confirmations from your account custodian after any changes are made to your account. You will also receive monthly statements from your account custodian.

When a client engages us to provide investment management services on a discretionary basis, we monitor the accounts in the same way as for non-discretionary services. The difference is that when changes are needed to your investments, we can make the changes without your prior confirmation. Clients engaging us on a discretionary basis will be asked to execute a Limited Power of Attorney (granting us the discretionary authority over the client accounts) as well as an Engagement Agreement that outlines the responsibilities of both the client and RPJ.

Below are the guidelines that are followed when managing a client's portfolio:

- 1) Client investment objectives are identified by assessing the client's risk tolerance based upon their age, income, education, need for cash flows, investment goals, and emotional tolerance for volatility. The information provided by the client will be collected during client meetings, interviews, and/or questionnaires;
- 2) After analyzing a client's financial situation and completing, together with the client, an investment process, we implement the investment strategy through an optimal combination of investments. RPJ's investment committee compiles a "Recommended List" of securities that meet RPJ's criteria for investment. RPJ expects that the majority of its client accounts will include the securities from the Recommended List;
- 3) Capital market conditions and client circumstances are monitored; and
- 4) Portfolio adjustments are made as appropriate to reflect significant changes in any or all of the above variables.

For some clients, RPJ may also manage certain investment products that are not maintained at their recommended custodians, such as variable life insurance and annuity contracts, and assets held in employer sponsored retirement plans and qualified tuition plans (e.g., 529 plans). In these situations, these assets are generally maintained at the underwriting insurance company or the custodian designated by the product's provider. RPJ directs or recommends the allocation of client assets among the various investment options that are available with the product. When possible, RPJ will be responsible for implementation of recommendations related to the outside accounts.

In order for RPJ to aggregate custodian reporting into one system for the purpose of better viewing of client investment portfolios, it may be necessary for your account information to be linked to our systems, which may include the use of third party software. Clients will authorize RPJ to direct their account custodian to link the data for their account with the software programs and systems upon signing an Engagement Agreement.

#### *Institution Consulting*

RPJ offers investment advisory services to institutional clients and non-profit organizations. The financial goals and objectives may be diverse, yet the Board of Directors of these institutions has a common fiduciary responsibility to manage the organizations investable assets with reasonable care, skill and caution. We assist the Board in fulfilling their fiduciary duty by providing investment advisory and management services that follow the guidelines set forth in the institution's Investment Policy Statement (IPS).

#### Business Consulting

Business owners typically have the majority of their personal wealth tied up within their business. We work with client's other professionals, such as attorneys and accountants, to help keep you focused on your business so that your financial objectives are met. RPJ business consulting services may include cash flow analysis, finance sourcing, establishment of business retirement plans, and development of exit strategies, among other requests specific to each client.

If you request, RPJ may recommend the services of other professionals for implementation purposes. You are under no obligation to engage the services of any such recommended professional. You retain absolute discretion over all such implementation decisions and are free to accept or reject any recommendation by RPJ. If you engage any professional recommended by RPJ, and a dispute arises

thereafter relative to such engagement, you agree to seek recourse exclusively from and against the engaged professional.

#### Assets Under Management

As of December 31<sup>st</sup>, 2018, Rembert Pendleton Jackson had \$1,278,184,886 assets under management, of which \$67,042,001 in 311 accounts are managed on a discretionary basis.

### **Item 5: Fees and Compensation**

#### **A. Fees Charged**

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##### Financial Planning

Financial planning services are provided on a fixed fee basis. Fixed fee rates vary from \$1,000 to \$5,000. The fee range stated is a guide. Fees may be higher or lower than this range, based on the nature of the engagement. Fees are negotiable, and will depend on the anticipated complexity of your plan.

##### Investment Advice & Asset Management

All investment management clients will be required to execute an Engagement Agreement that will describe the type of management services to be provided and the fees, among other items.

We are a fee-only advisor. We sell no products and receive no commissions. Our compensation comes solely from fully transparent fees paid to us by our clients and is not affected by any investment decisions. Generally, fees vary but do not exceed 1.00% per annum of the net value of a client's accounts managed or supervised by RPJ (including accounts outside of RPJ's recommended custodians). The fee range stated is a guide. Fees are negotiable, and may be higher or lower than this range, based on the nature of the account and the mandate. Factors affecting fee percentages include the size of the account, complexity of asset structures, services provided and other factors. Please note that same or similar services may be available for a higher or lower cost from other investment advisers.

##### Business Consulting

Business Consulting services are provided on a fixed fee basis. Fixed fee rates vary from \$5,000 to \$15,000. The fee range stated is a guide. Fees may be higher or lower than this range, based on the nature of the engagement. Fees are negotiable, and will depend on the anticipated complexity of your arrangement.

#### **B. Fee Payment**

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Investment advisory fees will generally be debited directly from each client's account. As of the date of this brochure, the advisory fee is paid quarterly, in advance and the value used for the fee calculation is the net asset value as of the last market day of the previous calendar quarter. This means that if your annual fee is 1.00%, then each quarter we will multiply the value of your account by 1.00% then divide by 4 to calculate our fee. Additionally, assets allocated to cash or a cash proxy, such as a money market account, will be included in the calculation of assets under management.

Once the calculation is made, we will instruct your account custodian to deduct the fee from your account and remit it to RPJ. To the extent that a client does not have enough cash in their accounts to cover the advisory fees, RPJ reserves the right to liquidate a portion of your portfolio to satisfy the remaining fee balance. In doing so, RPJ will consider all relevant factors, and depending on the arrangement, may not consult with the client prior to selling positions.

Clients whose fees are directly debited will provide written authorization to debit advisory fees from their accounts held by a qualified custodian recommended by RPJ. Each quarter, clients will receive an invoice itemizing the fees to be debited, including the formula used to calculate the fee, the amount of assets on which the fee is based, and the time period covered by the fee. The invoice will also state that the fee was not independently calculated by the custodian. Please note that during the latter half of 2018, RPJ started a transition to a new billing system. As such, while there are no substantive changes to RPJ's billing process, clients should carefully review the quarterly invoice sent by RPJ to see the time period and the value of assets in which RPJ's fees are based. The client will also receive a statement from their account custodian, at least monthly, showing all transactions in their account, including the fee. Fees may also be paid for by check or wire transfer.

For fixed fee arrangements, fees will be due upon receipt of invoice from RPJ. In many cases, clients will be asked to put forth a retainer at the onset of the engagement which may be for up to 50% of the expected final cost.

### **C. Other Fees**

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There are a number of other possible fees that can be associated with holding and investing in securities. Clients will be responsible for transaction fees for the purchase or sale of stocks, bonds, options, a mutual funds or an Exchange Traded Fund. Expenses of a separately managed account of a money manager and a mutual fund will not be included in management fees, as they are deducted from the value of the account or fund shares by the manager. For complete discussion of expenses related to each mutual fund, you should read a copy of the prospectus issued by that fund. RPJ can provide or direct you to a copy of the offering material or prospectus for any manager or fund that we recommend to you.

Please make sure to read Item 12 of this informational brochure, where we discuss broker-dealer and custodial issues.

### **D. Pro-rata Fees**

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You may terminate the Engagement Agreement by providing 30-days written notice to RPJ. If you terminate our relationship during a quarter, you will be entitled to a refund of any pre-paid and unearned management fees for the remainder of the quarter. Once your notice of termination is received, we will refund the unearned fees to you in whatever way you direct (check, wire back to your account). RPJ will cease to perform services, including processing trades and distributions, upon termination. Assets not transferred from terminated accounts within 30 (thirty) days of termination may be "de-linked", meaning they will no longer be visible to RPJ and will become a retail account with the custodian.

### **E. Compensation for the Sale of Securities**

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This item is not applicable. RPJ does not receive any commissions or fees from investment product providers or custodians. Its sole source of income is from fees paid by clients.



## **Item 6: Performance Based Fees**

To avoid conflict of interests, fees will not be based upon a share of capital gains or capital appreciation of your accounts (otherwise known as “performance based fees”).

## **Item 7: Types of Clients**

Our clients include individuals, families, corporate executives, business owners, medical professionals, retirees, qualified retirement plans, associations and charitable organizations. The RPJ general minimum account size is \$500,000; however, we also waive this minimum for individuals or institutions referred by current clients.

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

It is important for you to know and remember that all investments carry risks. **Investing in securities involves risk of loss that clients should be prepared to bear.**

An "asset allocation" decision is a determination of how investment dollars are to be distributed among various categories or classes of investments: e.g., domestic and international fixed income instruments, domestic and international stocks, real estate, natural resources, precious metals, managed futures, etc.

One of the key tenets of Modern Portfolio Theory, as developed by the Nobel Prize economist, Dr. Harry M. Markowitz, is that more efficient investment portfolios can be created by diversifying among asset categories with low to negative correlation (i.e., the returns from one investment are not related or inversely related to returns from the other). For example, adding a component of international stocks to a portfolio consisting exclusively of domestic stocks can both increase the portfolio's return *and* reduce the portfolio's risk (i.e., variability of return).

In fact, several studies have determined that the asset allocation decision has a much greater impact on the long-term performance of an investment portfolio than market timing or securities selection. As much as 92 percent of a portfolio's performance can be attributed to the asset allocation decision, while only two percent is attributable to market timing decisions, five percent to security selections and one percent to random luck. (See Roger G. Ibbotson and Paul D. Kaplan, "Does Asset Allocation Policy Explain 40, 90, or 100 Percent of Performance?" *Financial Analysts Journal*, January/February 2000.)

Successful asset allocation requires that two important criteria be addressed:

- 1) The various asset classes should have a relatively low correlation with each other.
- 2) Each component should be profitable in and of itself over extended periods of time.

This second criterion addresses a misconception regarding the concept of correlation. The misconception goes something like this: "If two investments have a negative correlation, then over the long run the returns from these two investments cancel each other out." This is not the case. The net result of a portfolio appropriately diversified across dissimilar investments is an increase in the risk-adjusted rate of return.

A client's financial circumstances, relevant time horizon and risk tolerance combine to determine whether his/her portfolio should be structured for greater principal stability with correspondingly

lower returns, or alternatively, for high growth at the price of more volatility. In either case, the goal is to use the best allocation across the various asset categories to achieve the highest expected return *relative to* the risk assumed.

### Recommended Core Allocation

Designing an investment portfolio consists of several steps:

- 1) Deciding which asset categories will be represented in the portfolio.
- 2) Determining the "target" percentage of the portfolio to allocate to each of these asset categories consistent with client's unique circumstances.

*It is important that your Core Portfolio be able to react well to broad movements in the economy including, but not limited to: prosperity, inflation, tight money, recession and deflationary depression.* Evolving economic environments frequently overlap and pinpointing when they begin and end can only be done in hindsight.

*Each category of asset is vulnerable to some of the below risks while protecting your portfolio from others.* Thus, when one class goes down, the other usually goes up – or at least sits still. Here safety lies not so much in numbers, but in a choice of assets that will offset each other's vulnerabilities. A portfolio can be composed of various asset classes that theoretically will move like pistons in an engine, each periodically cycling through its high point.

For the Core Portfolio to succeed, the investments within each asset class must be tied reliably to the economic/investment climate that the asset class is meant to cover.

The specific asset and sub-asset classes, managers and securities we recommend will depend on your investment plan, market conditions and other factors such as availability. We believe a diversified portfolio constructed for the client's specific circumstances and objectives will offer the best opportunity for after tax, after inflation and after fee returns commensurate with the risk taken in the portfolio. Generally, we recommend mutual funds, index funds, exchange traded funds, and occasionally individual stocks, bonds and separately managed accounts. Specific managers and funds are chosen based on their investment objectives and appropriateness for the asset allocation and investment plan recommended by RPJ. Additionally, other factors such as risk premium and parameters, upside and downside capture, asset class correlations, past performance, peer rankings, fees, expenses, and other pertinent investment metrics RPJ deems relevant to a particular return source, security or manager and the investment plan are taken into consideration. Drawing on our years of experience and relationships throughout the industry, we base our conclusions predominantly on public and proprietary research, regulatory filings, press releases, and research we receive from our custodians, broker dealers and other market participants.

Depending on a client's given circumstances, RPJ may recommend that a client roll over retirement plan assets to an Individual Retirement Account (IRA) managed by us. As a result, RPJ may earn fees on those accounts. This presents a conflict of interest, as RPJ has a financial incentive to recommend that a client roll over retirement assets into an IRA we will manage. This conflict is disclosed to clients verbally and in this brochure. Clients are also advised that they are under no obligation to implement the recommendation to roll over retirement plan assets. RPJ attempts to mitigate this conflict by requiring that all investment recommendations have a sound basis for the recommendation, and by requiring employees to acknowledge their fiduciary responsibility toward each client.

Additionally, part of the RPJ process includes, where appropriate, involving multiple generations in order to facilitate family financial planning. This can increase the financial education of the later

generations and manage expectations. However, potential for conflict of interest exist with the exchange of intergenerational information. RPJ attempts to minimize these conflicts by treating each household as its own fiduciary relationship. Information can only be shared across generations with each household's consent.

### Third Party Managers

As part of RPJ's investment process, we may evaluate, select, and oversee other investment managers to manage a portion of the client's account. We will monitor manager performance and various investment markets to determine if the allocation among investment options is appropriate or if changes to those options are necessary. The money managers recommended to clients will have full investment discretion, and trading authority, and shall have sole responsibility for the implementation of the investment program with respect to the client's account for which investment discretion has been delegated by the client and accepted by the institutional money managers. We will not place orders for transactions in the client's account or otherwise exercise trading authority over the account at any time when the account is being managed by an outside investment manager which may be a mutual fund manager or other third party manager.

Money managers considered for RPJ clients will be subjected to a rigorous due diligence process. Factors considered will include, but not be limited to: reputation, performance record, philosophy, continuity of management, service to clients, awareness of after tax performance objectives, minimum dollar investment requirement and fees. Information with respect to money managers (e.g., performance figures, investment style, etc.) will be obtained from tracking organizations, business publications, money managers, personal interviews and other sources which we believe are reliable. We may also consider other criteria, including, but not limited to, the administration, recordkeeping and reporting services provided by a manager.

There are always risks to investing. Clients should be aware that all investments carry various types of risk including the potential loss of principal that clients should be prepared to bear. It is impossible to name all possible types of risks. Among the risks are the following:

- **Political Risks.** Most investments have a global component, even domestic stocks. Political events anywhere in the world may have unforeseen consequences to markets around the world.
- **General Market Risks.** Markets can, as a whole, go up or down on various news releases or for no understandable reason at all. This sometimes means that the price of specific securities could go up or down without real reason, and may take some time to recover any lost value. Adding additional securities does not help to minimize this risk since all securities may be affected by market fluctuations.
- **Currency Risk.** When investing in another country using another currency, the changes in the value of the currency can change the value of your security value in your portfolio.
- **Regulatory Risk.** Changes in laws and regulations from any government can change the value of a given company and its accompanying securities. Certain industries are more susceptible to government regulation. Changes in zoning, tax structure or laws impact the return on these investments.
- **Tax Risks Related to Short Term Trading:** Clients should note that RPJ may engage in short-term trading transactions to address specific client needs. These transactions may result in short term gains or losses for federal and state tax purposes that may be taxed at a higher rate than long term strategies. RPJ endeavors to invest client assets in a tax efficient manner, but all clients are advised to consult with their tax professionals regarding the transactions in client accounts.
- **Risks Related to Investment Term.** Securities do not follow a straight line up in value. All securities will have periods of time when the current price of the security is not an accurate measure

of its value. If you require us to liquidate your portfolio during one of these periods, you will not realize as much value as you would have had the investment had the opportunity to regain its value.

- **Use of Certain Mutual Funds.** RPJ utilizes mutual funds issued by Dimensional Fund Advisors (“DFA”). DFA funds are generally only available through registered investment advisors. Thus, if the client was to terminate the RPJ’s services, and not transition to another adviser who utilizes DFA funds, restrictions regarding additional purchases of, or reallocation among other, DFA funds will generally apply.

- **Use of Interval Funds.** An interval fund is a type of closed-end mutual fund with shares that do not trade on the secondary market. Instead, the fund periodically offers to repurchase a percentage of outstanding shares at NAV. The rules for interval funds, along with the types of assets held, make this investment largely illiquid compared with (open-end) mutual funds and ETFs. Offers to repurchase shares may be oversubscribed, with the result that shareholders may only be able to have a portion of their shares repurchased. There is no guarantee that an investor will be able to redeem shares on a given repurchase date or in the desired amount. In addition, to the extent an interval fund invests in companies with smaller market capitalizations, derivatives, or securities that entail significant market or credit risk, the liquidity risk may be greater. To the extent that RPJ utilizes an interval fund in a client’s portfolios, the client will receive a prospectus explaining such risks.

- **Purchasing Power Risk.** Purchasing power risk is the risk that your investment’s value will decline as the price of goods rises (inflation). The investment’s value itself does not decline, but its relative value does, which is the same thing. Inflation can happen for a variety of complex reasons, including a growing economy and a rising money supply.

- **Business Risk.** This can be thought of as certainty or uncertainty of income. Management comes under business risk. Cyclical companies (like automobile companies) have more business risk because of the less steady income stream. On the other hand, fast food chains tend to have steadier income streams and therefore, less business risk.

- **Risks specific to sub-advisors and private placements.** If we invest some of your assets with another advisor, including a private placement, there are additional risks. These include risks that the other manager is not as qualified as we believe them to be, that the investments they use are not as liquid as we would normally use in your portfolio, or that their risk management guidelines are more liberal than we would normally employ.

- **Financial Risk.** The amount of debt or leverage determines the financial risk of a company.

- **Default Risk.** This risk pertains to the ability of a company to service their debt. Ratings provided by several rating services help to identify those companies with more risk. Obligations of the U.S. government are said to be free of default risk.

## **Item 9: Disciplinary Information**

There are no disciplinary items to report.

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

### **A. Broker-dealer**

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Not applicable.

## **B. Futures Commission Merchant/Commodity Trading Advisor**

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Neither the principals nor any related persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

## **C. Relationship with Related Persons**

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Donald M. Rembert has been a licensed real estate broker in Virginia since 1978. Occasionally (between 2010 and 2013 he represented two RPJ clients in his capacity as real estate agent) he will represent a client in his capacity as a real estate agent. In such circumstances, it is the general policy of the firm that any commission fees he earns are credited to the client's account. As such, we believe there is no material conflict of interest present.

From time to time, financial planning clients have insurance needs. In these instances, these clients may be referred to Mr. Ken Fahmy of Fahmy Associates. Mr. Fahmy is the brother-in-law of Mr. Charles Rembert. We believe any potential conflict is mitigated by the following facts and circumstances. First, we disclose to clients the relationship of Mr. Fahmy to Mr. Rembert, and that clients are under no obligation purchase insurance products through Fahmy Associates. Second, RPJ receives no referral fee or compensation of any kind for making these referrals. Third, we believe the services and fees of Fahmy Associates to be competitive in the market and fair and reasonable.

## **D. Recommendations of Other Advisers**

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RPJ occasionally recommends other investment managers, but in no event will RPJ receive any compensation, directly or indirectly from those advisors. For more information regarding RPJ's use of third party managers, please see response to Item 8 for a full discussion.

## **Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

A. A copy of our Code of Ethics is available upon request. Our Code of Ethics includes discussions of our fiduciary duty to clients, political contributions, gifts, entertainment, and trading guidelines.

B. Not applicable. RPJ does not recommend to clients that they invest in any security in which RPJ or any principal thereof has any financial interest.

C. On occasion, an employee of RPJ may purchase for his or her own account securities which are also recommended for clients. Our Code of Ethics details rules for employees regarding personal trading and avoiding conflicts of interest related to trading in one's own account. To avoid placing a trade before a client, all employee trades must be reviewed by the Compliance Officer. All employee trades must either take place in the same block as a client trade or sufficiently apart in time from the client trade so the employee receives no added benefit. Employee statements are reviewed to confirm compliance with the trading procedures.

D. On occasion, an employee of RPJ may purchase for his or her own account securities which are also recommended for clients at the same time the clients purchase the securities. Our Code of Ethics details rules for employees regarding personal trading and avoiding conflicts of interest

related to trading in one's own account. To avoid placing a trade before a client, all employee trades must be reviewed by the Compliance Officer. All employee trades must either take place in the same block as a client trade or sufficiently apart in time from the client trade so the employee receives no added benefit. Employee statements are reviewed to confirm compliance with the trading procedures.

## **Item 12: Brokerage Practices**

### **A. Recommendation of Broker-Dealer**

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RPJ recommends that investment accounts be held in custody by Schwab Advisor Services ("Schwab"), which is a qualified custodian. RPJ is independently owned and operated and is not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when RPJ instructs them to, which RPJ does in accordance with its agreement with you. While RPJ recommends that you use Schwab as custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. RPJ does not open the account for you, although RPJ may assist you in doing so.

#### **How we select brokers/custodians**

We seek to recommend a custodian/broker that will hold your assets and execute transactions on terms that are, overall, most advantageous when compared with other available providers and their services. We consider a wide range of factors, including both quantitative (Ex: costs) and qualitative (execution, reputation, service) factors. We do not consider whether Schwab or any other broker-dealer/custodian, refers clients to RPJ as part of our evaluation of these broker-dealers.

#### **Your brokerage and custody costs**

For our clients' accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. We have determined that having Schwab execute trades is consistent with our duty to seek "best execution" of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see "How we select brokers/custodians").

#### **Products and services available to us from Schwab**

Schwab Advisor Services™ (formerly called Schwab Institutional®) is Schwab's business serving independent investment advisory firms like RPJ. They provide RPJ and our clients with access to its institutional brokerage services (trading, custody, reporting, and related services), many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help RPJ manage or administer our clients' accounts, while others help RPJ manage and grow our business. Schwab's support services are generally available on an unsolicited basis (we don't have to request them) and at no charge to RPJ. Following is a more detailed description of Schwab's support services:

##### *Services that benefit you*

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available

through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

*Services that may not directly benefit you.*

Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting

*Services that generally benefit only us.*

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits, such as occasional business entertainment of our personnel.

**Our interest in Schwab's services**

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services. These services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. We may have an incentive to recommend that you maintain your account with Schwab, based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services (see "How we select brokers/custodians") and not Schwab's services that benefit only us.

We do not consider whether Schwab or any other broker-dealer/custodian, refers clients to RPJ as part of our evaluation of these broker-dealers.

## **B. Aggregating Trades**

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RPJ does not aggregate trades.

### **Item 13: Review of Accounts**

All accounts are managed on a continuous basis, and each account is reviewed at least quarterly by one of the investment committee's members. However, it is expected that market conditions, changes in a particular client's account, or changes to a client's circumstances will trigger a review of accounts.

The quarterly review provided by RPJ is intended to review asset allocation, investment plan, and performance. All clients will receive statements and confirmations of trades directly from their broker-dealer/custodian. Additionally, all clients will receive quarterly itemized bills from RPJ. Please refer to Item 15 regarding Custody.

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

#### **A. Economic Benefit Provided by Third Parties for Advice Rendered to Client.**

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*Please refer to Item 12, where we discuss recommendation of Broker-Dealers.*

#### **B. Compensation to Non-Advisory Personnel for Client Referrals.**

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RPJ accepts and appreciates client referrals from any source, but RPJ does not currently compensate any persons for client referrals or have any solicitor relationships. If a client is introduced to RPJ by either an unaffiliated or an affiliated solicitor, RPJ *may* pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from RPJ's investment management fee, and shall not result in any additional charge to the client. If the client is introduced to RPJ by an unaffiliated third party, that third party will disclose to the client the referral arrangement with RPJ, including the compensation for the referral, and provide the client a copy of RPJ's ADV Part 2A and 2B. The referral source will also provide a written disclosure to the client regarding the relationship between RPJ and the referral source, including the fact that referral fees will be paid.

### **Item 15: Custody**

There are four avenues through which RPJ has custody of client funds:

- 1) by directly debiting its fees from client accounts pursuant to applicable agreements granting such right;
- 2) by taking possession of client login credentials for any client accounts held outside RPJ's recommended custodians;
- 3) by permitting clients to issue standing letters of authorization ("SLOAs"). SLOAs permit a client to issue one document that directs RPJ to make distributions out of the client's account(s); and



- 4) in very rare circumstances, such as when RPJ serves as a trustee, RPJ retains custody of client funds. In these rare circumstances when RPJ serves as trustee, RPJ will explain that clients will receive a monthly statement from their custodian, and these statements should be reviewed carefully and compared to the RPJ quarterly statements.

Clients whose fees are directly debited will provide written authorization to debit advisory fees from their accounts held by a qualified custodian chosen by the client. Each quarter, clients will receive a invoice itemizing the fees to be debited, including the formula used to calculate the fee, the amount of assets the fee is based, and the time period covered by the fee. The invoice will also state that the fee was not independently calculated by the custodian. The client will also receive a statement from their account custodian showing all transactions in their account, including the fee.

Clients will receive statements and confirms directly from their custodian or broker-dealer. We encourage clients to carefully review the statements and confirmations sent to them by their custodian/broker-dealer, and to compare that information with their quarterly report prepared by RPJ. Please contact us with any questions.

In addition to the account custodian's custody procedures, clients issuing SLOAs will be requested to confirm, in writing, that the accounts to which funds are distributed are parties unrelated to RPJ.

#### **Item 16: Investment Discretion**

When RPJ is engaged to provide asset management services on a discretionary basis, we will monitor your accounts to ensure that they are meeting your asset allocation requirements. If any changes are needed to your investments, we can make the changes without your prior confirmation. These changes may involve selling a security or group of investments and buying others or keeping the proceeds in cash. You may at any time place restrictions on the types of investments we may use on your behalf, or on the allocations to each security type. You may receive at your request written or electronic confirmations from your account custodian after any changes are made to your account. You will also receive monthly statements from your account custodian. Clients engaging us on a discretionary basis will be asked to execute a Limited Power of Attorney (granting us the discretionary authority over the client accounts) as well as an Engagement Agreement that outlines the responsibilities of both the client and RPJ.

Please see Item 4 herein for more information regarding discretionary management services.

#### **Item 17: Voting Client Securities**

Copies of our Proxy Voting Policies are available upon request.

RPJ may only exercise proxy-voting authority over client securities when serving as a trustee. Here, the CCO is charged with identifying the proxies, voting the proxies in the best interest of the client, and promptly submitting the proxies. RPJ's policy is to vote proxies in the interest of maximizing shareholder value, in consideration of both short and long term implications.

Presently, we have identified no conflicts of interest between our clients' interests and the interests of RPJ. However, if we were to identify a material conflict in any circumstance, by firm policy we would contact the client and ask how the clients would like the vote cast. RPJ's complete proxy voting record and proxy voting policies and procedures are available upon request for clients review.

For all other clients, the obligation to vote client proxies shall at all times rest with the client. Client shall in no way be precluded from contacting us for advice or information about a particular proxy vote. However, we shall not be deemed to have proxy-voting authority solely as a result of providing such advice to client.

**Item 18: Financial Information**

RPJ does not require the prepayment of fees more than six (6) months or more in advance and therefore has not provided a balance sheet with this brochure.

There are no material financial circumstances or conditions that would reasonably be expected to impair our ability to meet our contractual obligations to our clients.

There have been no bankruptcy proceedings involving RPJ during the last ten years.