

**Part 2A of Form ADV: *Firm Brochure***

**J.E Simmons & Co., P.C.**

15770 Dallas Parkway  
Suite 150  
Dallas, TX 75248

Telephone: 972-404-1040

Email: [jack@jesimmons.com](mailto:jack@jesimmons.com)

Web Address: [www.jesimmons.com](http://www.jesimmons.com)

March 30, 2020

This brochure provides information about the qualifications and business practices of J.E. Simmons & Co., P.C., (herein “JES” or the “Firm”) If you have any questions about the contents of this brochure, please contact us at: (972) 404-1040. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

J.E. Simmons & Co., P.C., is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Advisor provide you with information you may use in determining whether to hire or retain an Adviser.

Additional information about J.E. Simmons & Co., P.C. is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 Material Changes

Initially, we will provide you with this brochure which highlights information about our qualifications, business practices, and potential conflicts of interest. Thereafter, on an annual basis, if there have been any material changes to the information in the brochure during the previous year, we will provide you with one of the following:

- An updated annual brochure along with a summary of material changes which will be provided within 120 days of the close of our business fiscal year. Our business fiscal year-end is December 31st.
- A summary of material changes within 120 days of the close of our business fiscal year-end that includes an offer to provide a copy of the full annual updated brochure and information on how you may obtain the brochure from us.

Throughout any calendar year, we will also provide you with an updated interim amendment to our brochure under the following circumstances:

- We report any new information in response to Item 9 of Part 2A regarding disciplinary information about the firm or any of its management personnel.
- Any material change that could affect the relationship between you and us.

We will provide, *free of charge*, a new brochure any time at your request, or as may become necessary based on material changes as outlined above.

You may request our brochure by contacting our office at 972-404-1040. You may also receive this and any other disclosure documents via electronic delivery, where allowed, by signing and returning to us an authorization to deliver disclosure and other documents electronically.

Additional information about J.E. Simmons & Co., P.C. is also available via the SEC's web site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with our firm who are registered, or are required to be registered, as investment adviser representatives of J.E. Simmons & Co., P.C.

### **Material changes since the last update:**

1. There have been no material changes.

<b>Item 3</b>	<b>Table of Contents</b>	<b>Page</b>
Item 1	Cover Page	1
Item 2	Material Changes	2
Item 3	Table of Contents	3
Item 4	Advisory Business	4
Item 5	Fees and Compensation	7
Item 6	Performance-Based Fees and Side-By-Side Management	10
Item 7	Types of Clients	10
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss	10
Item 9	Disciplinary Information	14
Item 10	Other Financial Industry Activities and Affiliations	14
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	15
Item 12	Brokerage Practices	17
Item 13	Review of Accounts	20
Item 14	Client Referrals and Other Compensation	21
Item 15	Custody	21
Item 16	Investment Discretion	22
Item 17	Voting Client Securities	23
Item 18	Financial Information	24

## **Item 4    Advisory Business**

Our firm is a SEC-registered investment adviser with its principal place of business located in Texas. The firm began conducting business in 1995.

There is one shareholder of our firm. The shareholder is:

- Jack Elmer Simmons, President

As used in this brochure, the words “we,” “our” and “us” refer to J.E. Simmons & Co., P.C. and the words “you”, “your” and “client” refer to you as either a client or prospective client of our firm.

### **GENERAL OVERVIEW**

Our firm offers three different services to you, two of which, financial planning and investment advisory services are covered by this disclosure brochure. Tax preparation is not covered by this disclosure document. Financial planning and investment advisory services are two separate and distinct services. There is no requirement that you utilize both financial planning and investment advisory services in order to be a client of the Firm.

Often, but not always, clients will engage us to assist them in their financial planning for personal, business, or both prior to making the decision to utilize our investment advisory services. When we take you on as a financial planning client, we learn more information about your financial objectives and financial situation than would be the case if we only served in the role of investment manager for all or part of your investable assets.

There is no requirement that if you engage us to work with you on your financial planning that you must engage us to perform investment advisory services on your behalf, or vice versa. The services are completely and distinctly separate.

Because financial planning is a distinct and separate service, we will make recommendations to you to fulfil your financial objectives. These recommendations or observations will generally include your investments. You should understand that it is in our best interests if you should utilize our services in managing some or all your investments, as we derive the majority of our revenues from investment advisory services. A possible conflict exists in that we may recommend as part of your financial plan that you put more money than might otherwise be advisable into your investments because we earn a fee on those investments. You should also know that you can receive investment advisory services from many other firms and that you are not required to engage us to perform investment advisory services on your behalf for us to work with you as your financial planner.

### **FINANCIAL PLANNING**

We provide financial planning services. Financial planning is an evaluation of your current and projected future financial state. We use known variables about your current financial situation to predict future cash flows, asset values and withdrawal plans.

We can offer you a single financial plan on your behalf. However, financial planning is typically considered to be an on-going process because of the changes that occur throughout a lifetime.

Should you require a single one-time financial plan, we will provide you with a cost to do so. We will also provide you with the cost to perform on-going monitoring of your financial plan and progress. The on-going monitoring service is separate from the cost of performing the financial plan and is generally billed on a quarterly basis in arrears.

We also provide other services that may be performed in conjunction with, or separate from, our financial planning services. This includes services as part of our tax preparation including accounting, business analysis, and counseling. Fees for these services are generally performed on an hourly basis.

Through the financial planning process, we gather detailed information about your entire financial and life situation, provide an analysis to you based on the information we receive, and consider what the impact of the information you provide will have on your financial and life situation. We also consider how your financial and life situation may be impacting your current and future results.

In general, the financial planning process can include any or all of the following areas:

**Personal** - We review your family records, budgeting, personal liability, estate information and financial goals.

**Business** - We review your business records, time horizons, succession planning, exit strategies, tax consequences, and impact on your life situation.

**Tax & Cash Flow** - We analyze your income tax and spending. We review any planning and budgeting for past, current and future years. We then illustrate the impact of various investments, including your business, on your current income tax and future tax liability.

**Investments** - We analyze investment alternatives and their effect on your portfolio. We may provide you with investment options such as utilizing our firm to handle your investments. This represents a conflict of interest because we benefit from your decision to use our firm for your investment advisory services.

**Insurance** - We review existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home and automobile.

**Retirement** - We analyze current strategies and investment plans to help you achieve your retirement goals.

**Death & Disability** - We review your cash needs at death, income needs of surviving dependents, estate planning and disability income.

**Estate** - We assist you in assessing and developing long-term strategies, including as appropriate, living trusts, wills, review estate tax, powers of attorney, asset protection plans, long-term care, Medicare, and elder law.

We gather all of the necessary information through in-depth personal interviews with you and others you may request including your spouse, your legal counsel, tax professional, and any other person or entity you may suggest or request we speak with.

Information we gather includes your current financial status, tax status, future goals, returns objectives and attitudes towards risk. We carefully review all of the documents you provide us, including a detailed questionnaire completed by you.

As part of our financial planning we may also provide you with investment supervisory services as described above. There are separate fees charged for both financial planning and investment supervisory services. Whether you engage us to prepare a single financial plan or to conduct a financial plan and on-going monitoring, our investment advice will adhere to your goals and objectives detailed by the financial plan and your investment guidelines which are part of any investment advisory agreement with our Firm.

Once the financial analysis has been completed, we will prepare a written report which provides you with an action list designed to assist you in reaching your financial goals and objectives.

Should you choose to implement the recommendations contained in the plan, we will work closely with you, your attorney, accountant, insurance agent, and/or stockbroker to successfully implement your plan. Implementation of any or all components of our financial plan recommendations is entirely at your discretion.

## **INVESTMENT SUPERVISORY SERVICES**

Our firm provides continuous advice to you regarding the investment of your funds based on your individual objectives, time horizons, risk tolerance and liquidity needs. We develop your investment direction through personal discussions with you in which goals and objectives are established. We also ask you about your prior investment experience. We then manage your portfolio based on your responses and the investment direction we establish.

From time to time we may recommend changes to your investment direction based on our research and opinions regarding specific investments or the markets in general. You may disagree with our assessments and direct us to leave the investment direction as is or to make broader changes to your investment direction.

Without prior prompting on our part you may contact us and request changes to your investment direction. As part of our on-going responsibility to you we will request additional information from you and will render our opinion of your requested changes. If we feel that your request is not in your best interests we will inform you of that fact. If either of us feels that we can no longer provide the level of service you require, the investment management agreement can be terminated with notice as detailed in your individual agreement.

We manage your portfolio on a discretionary basis. This allows us to buy and sell various investments in keeping with your investment direction without your prior approval. You may revoke this discretionary authority at any time. We monitor your account based on your stated objectives. These objectives may include, but are not limited to items such as:

- Maximum capital appreciation
- Growth
- Growth and income
- Tax considerations

You may put reasonable restrictions on how your assets are invested. These restrictions could include, for example, your request that we do not make investments in specific companies, types of securities, or industry sectors.

Our investment recommendations to you are not limited to any specific product or service. Our primary focus is on individual stocks, bonds, mutual funds, Exchange Traded Funds (ETF's), and government securities. We may also provide you with advice at your request about the following types of investments:

- Foreign Issuers
- Warrants
- Corporate Debt Securities (other than commercial paper)
- Commercial Paper
- Certificates of Deposit
- Municipal Securities
- Variable Life Insurance
- Variable Annuities
- Options Contracts on Securities
- Interests in Partnerships Investing in Real Estate
- Interests in Partnerships Investing in Oil and Gas Interests

Some investments involve additional risk and will only be implemented or recommended when consistent with your investment objectives, tolerance for risk, liquidity and suitability.

## **AMOUNT OF MANAGED ASSETS**

As of 12/31/2019, our firm actively manages approximately \$138,462,341 of clients' assets on a discretionary basis. We do not manage non-discretionary assets.

## **Item 5 Fees and Compensation**

### **INVESTMENT SUPERVISORY SERVICES**

Our annual fee for Investment Supervisory Services is based upon a percentage of assets under management. Our standard fee is 1.00%. Fees and minimum account size may be negotiable on a client-by-client basis depending on a number of factors, including the type and nature of services to be provided, the amount of assets to be managed, and/or anticipated future additional assets and accounts. The specific annual fee schedule is identified in the contract between us. Your fee structure will never change from that contained in your investment management agreement with us unless agreed to in writing by you and made a part of your investment management agreement. There will be no retroactive increase in the minimum account size required for a specific investment.

Generally, your fee will be calculated on a quarterly basis in arrears. To calculate the fee, we take the value of all assets in your portfolio as of the last day of the preceding quarter. That amount is then multiplied by the fee percentage which results in an annualized fee.

The annualized fee is then divided by four to arrive at the quarterly fee you will be charged.

The sample calculation of an investment management fee is as follows:

Assets under Management as of 12/31	=	\$1,000,000
Annual Fee Percentage	=	1%
Annualized Fee Amount	=	\$ 10,000
Quarterly Fee is one-fourth of Annual Fee	=	\$ 2,500

In the event our agreement with you begins at any time other than the first day of a calendar quarter, the fee for the initial period will be pro-rated based on the number of days in the quarter that the agreement is effective at the end of the quarter.

If this agreement is terminated for any reason by either of us, the fee shall be pro-rated for any portion of a quarter that the portfolio is being managed by us. This prorated period would include any notice required to be given in accordance with your investment management agreement.

The fee that you are being charged by us for the investment management of your assets is exclusive of, and in addition to, brokerage commissions, transaction fees, custodial fees, and any other related costs and expenses. We do not receive any portion of these commissions, fees, other costs and expenses.

We may use sub-advisors to manage all or a portion of your assets. The sub-advisor will charge our firm a fee for managing those assets, however, the only fee you will pay us is the fee outlined in your investment management agreement with us.

A portion, or all of your assets that we or a sub-advisor manage may be invested in mutual funds or exchange traded funds. Each fund may charge an annual internal management fee as outlined in their prospectus. This management fee is deducted directly from the account balance you have invested in that specific fund. We do not receive any of these additional fees, however, these fees do represent an additional fee that you are paying above that being charged by us.

While we generally invest in “no-load” funds, if we did invest in a fund that imposes a sales charge, you may pay an initial or deferred sales charge. You could invest in a mutual fund directly, without our services. In that case, you would not receive the services provided by our firm which are designed, among other things, to assist you in determining which mutual fund or funds are most appropriate to your financial condition and objectives. Accordingly, you should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by you and to thereby evaluate the advisory services provided.

We request that you authorize and direct the custodian of your account to pay our fees directly to us from the portfolio. However, it is your option to authorize this process and if you do not approve of the direct deduction from your account, we will submit periodic invoices directly to you or the custodian as you request.

Our employees and their family members may be exempt from management fees charged by us to manage their personal accounts.



### ***Advisory Fees in General***

You should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

### **FINANCIAL PLANNING FEES**

Our financial planning fee is determined based on the nature of the services being provided and the complexity of your circumstances. All fees are agreed upon prior to entering into a financial planning agreement with you.

#### **Financial Plan Fee**

Generally, we charge a fixed fee to perform a financial plan. A fifty (50) percent deposit is due upon the execution of the financial planning agreement. The remaining fifty (50) percent is due at the completion of the initial meeting with you. A financial plan normally takes about three months to complete.

#### **Hourly Fee**

If you request accounting services or an analysis of your business, we will enter into a separate hourly fee arrangement. We may also consult with you on an hourly basis for other matters. Our hourly fee varies and is based on the complexity of services we provide you. We will provide you with an hourly quotation prior to the service commencing.

#### **Retainer/Monitoring Fee**

We also provide ongoing business and related financial planning advice for a fixed quarterly fee.

We will provide you with an invoice for the above financial planning related fees. All invoices will be due upon receipt of the invoice.

### **OTHER FEES**

The fee that you are being charged by us for the investment management of your assets is exclusive of, and in addition to, brokerage commissions, transaction fees, borrowing charges custodial fees, and any other related costs and expenses. We do not receive any portion of these commissions, fees, other costs and expenses.

In addition, a portion of your assets may be invested in third-party mutual funds or exchange traded funds. These funds charge an annual internal management fee as outlined in their prospectuses which is deducted directly from your account balance by that fund. We do not receive any of these additional fees; however, these fees do represent an additional fee that you are paying above that being charged by us. Accordingly, you should review the fees charged by other third-party managed mutual funds, and our fees, to fully understand the total amount of fees to be paid by you and to thereby evaluate the advisory services provided.

When we determine that any part of your assets that we manage will be invested in a third-party mutual fund, we will always attempt to purchase the lowest cost share class given the size of your investment and any "relationship" benefit, meaning the total assets we have

invested with the fund, for which our firm may qualify. If the size of your investment does not meet the necessary minimums, or we do not qualify for a “relationship” benefit, your assets may be invested in a fund that is not the lowest cost share class available for that fund. However, at no time will we invest your assets in a higher cost share class in order to secure any residual payment for the benefit of JES, such as a 12b-1 fee.

## **Financial Plan Termination**

If the financial planning agreement is terminated by either of us prior to its conclusion and delivery of the written plan, we will return all fees previously charged and paid for that financial plan.

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

Our firm does not charge performance-based fees.

## **Item 7 Types of Clients**

Our firm provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Pension and profit sharing plans (other than plan participants)
- Trusts and Estates
- Charitable organizations
- Corporations or other businesses not listed above

Generally, we do not require a minimum opening account size for clients who utilize any of our Financial Planning Services.

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

### **METHODS OF ANALYSIS**

We may use any one or more of the following methods of analysis in formulating our investment advice and/or managing your assets:

**Charting** - In this type of technical analysis, we review charts of market and security activity in an attempt to identify when the market is moving up or down and to predict how long the trend may last and when that trend might reverse.

The risk associated with charting is that there is no guarantee that because past activity of a market or security behaved in a particular fashion that future activity of that same market or security will behave in the same manner.

**Fundamental Analysis** - We attempt to measure the intrinsic value of a security by looking at

economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental Analysis does not attempt to “time” or anticipate market movements. The risk of this type of analysis is that the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the individual stock or fund.

**Technical Analysis** - We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

Technical Analysis does not consider the underlying financial condition of a company. The risk of this type of analysis is that that a poorly managed or financially unsound company may underperform regardless of market movement.

**Cyclical Analysis** - In this type of technical analysis, we measure the movements of a particular stock against the overall market in an attempt to predict the price movement of the security.

Cyclical Analysis carries the risk that a particular stock may perform counter to previous occurrences.

**Asset Allocation** - Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to your investment goals and risk tolerance. Once we have determined what we feel is the proper allocation, we then identify the securities, funds, etc., to make up that allocation.

A risk of asset allocation is that you may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not rebalanced, will no longer be allocated in the manner appropriate for your goals.

**Mutual Fund/ETF Analysis** - We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to successfully invest over a period of time and in different economic conditions.

We also look at the underlying assets in a mutual fund or ETF to determine if there is significant overlap in the underlying investments held in one of your other portfolios. We also monitor the funds or ETF's to determine if they are continuing to follow their stated investment strategy.

A specific risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by you may purchase the same security, increasing the risk to you if that specific security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for your portfolio.

***Third-Party Sub-Advisor Analysis*** - We examine the experience, expertise, investment philosophies, and past performance of independent third-party sub-advisors who we may utilize as investment managers for a portion or all of your assets. We perform this examination in an attempt to determine if that sub-advisor has demonstrated an ability to successfully invest over a period of time and in different economic conditions.

We monitor the sub-advisor's underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment. Additionally, as part of our due-diligence process, we survey the sub-advisor's compliance and business enterprise risks.

A risk of investing with a third-party sub-advisor who has been successful in the past is that he/she may not be able to replicate that success in the future. In addition, as may be the case with mutual funds and ETF's, we do not control the underlying investments in a third-party sub-advisor's portfolio. There is also a risk that the sub-advisor may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for you.

Moreover, as we do not control the manager's daily business and compliance operations, we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

***Risks for all forms of analysis*** - Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data.

While we try to be aware of any indications that data may be incorrect, there is always a risk that our analysis, as a result of incorrect data, may be compromised and therefore incorrect. This may result in the poor performance of your investments or a loss of your principal.

## **INVESTMENT STRATEGIES**

We may use a single strategy or multiple strategies in managing your account(s). We review any strategy we may use for your account(s) to make sure that they are appropriate to your needs and are consistent with your investment objectives, risk tolerance, time horizons, and other considerations. The following are the primary types of investment strategies we may utilize in the management of your account(s).

### ***Use of Sub-Advisors***

The Firm in many cases engages sub-advisors to manage a portion of your assets to a certain investment style we feel will be beneficial to your investment portfolio. In selecting a sub-advisor to manage a portion of your assets, the Firm, not you as the client, will incur additional expenses in the form of the sub-advisor's fee which would not be the case if we managed all your assets internally. That may be a disincentive for us to use an otherwise qualified sub-advisor.

The Firm may also have different fee structures in place with different sub-advisors and that may cause us to allocate more of your assets to the sub-advisor charging the Firm a lower fee.

We may also recommend or invest your assets into a mutual fund rather than a separate account managed by the same sub-advisor due to lower fees we would pay. Again, this may

cause us to recommend the mutual fund over a separate account which would be more costly to you. The level of assets that you must invest in a separate account with a sub-advisor may be a determinate in whether your funds are invested in the separate account or mutual fund, as there are generally higher minimum requirements for a separate account.

When we place your assets with a sub-advisor, that sub-advisor will be required to execute the trades through our preferred brokerage platform, which may impact the best execution that the sub-advisor might otherwise receive for its other clients.

Our Chief Compliance Officer serves as the Chief Compliance Officer for one of the sub-advisors we typically utilize. That relationship does not impact our decision making with respect to the utilization of that sub-advisor for investment of your assets.

Per our sub-advisory agreements, we cannot share any information about the sub-advisor other than that pertaining to their strategy, performance, etc., without their written approval. In addition, as part of the sub-advisory agreement, the sub-advisor is prohibited from initiating direct contact with you for three years after termination of the sub-advisory agreement.

Our cost for the sub-advisor's services may decline as we place more assets with that sub-advisor. This could result in lower expenses to us for managing your assets and create an incentive for us to maintain those assets with the sub-advisor even if performance might dictate otherwise.

It is possible that if the overall level of assets managed by a sub-advisor were to decrease below a certain level, that sub-advisor may no longer be available to the Firm as an investment option for you.

### ***Long-term purchases***

We purchase securities with the idea of holding them in your account for twelve (12) months or longer. Typically, we employ this strategy when:

- We believe the securities to be currently undervalued, and/or
- We want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to you. Moreover, if our projections are incorrect, a security may decline sharply in value before we make the decision to sell, resulting in loss to your portfolio.

### ***Short-term purchases***

When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time which is typically twelve (12) months or less. We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

A risk in this strategy is that we sell a security before it has made the move upward that we anticipate, or that after we have sold the security it continues to move higher.

## **RISK of LOSS**

**Investments in most any type of securities involve the risk of loss. The types of risks**

that you may experience include, but may not be limited to;

- **Loss of Principal Risk**
- **Interest Rate Risk**
- **Market Risk**
- **Inflation Risk**
- **Currency Risk**
- **Liquidity Risk**
- **Business Risk**
- **Financial Risk**

**Past performance of any security does not guarantee future results.**

## **Item 9    Disciplinary Information**

We are required to disclose any legal or disciplinary events that are material to your evaluation of our advisory business or the integrity of our management personnel.

Our firm and our management personnel have no reportable disciplinary events to disclose.

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

In addition to our firm activities of Investment Supervisory Services and Financial Planning, we also engage in Accounting Services. You and other clients may utilize at your discretion any one or all of our services. In addition, we may provide Accounting Services to clients that do not utilize our Investment Supervisory Services or Financial Planning Services.

Fees we receive for Accounting Services are billed on an hourly basis.

Our firm does not receive any additional compensation for services or products from any other entity. In addition, we do not receive any additional compensation for placing your assets in a mutual fund or exchange traded fund. We do not receive any additional compensation for using any other sub-advisor who may be involved in the management of your assets.

In the future if a conflict were to arise about our current or any new Financial Industry Activities or Affiliations, including the receipt of compensation from those sources we would;

- Disclose in this section to you the existence of all material conflicts of interest, including the potential for our firm and our employees to earn compensation in addition to our firm's stated advisory, financial planning and accounting fees;
- Disclose to you that you are not obligated to purchase recommended investment products from our employees or affiliated companies;
- Require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;

- Periodically monitor any outside employment activities of our employees to verify that any conflicts of interest continue to be properly addressed by our firm.

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

### **CODE of ETHICS**

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

We feel that our firm and its employees owe a duty of loyalty, fairness and good faith towards all of our clients, and have an obligation to adhere not only to the specific provisions of our Code of Ethics but to the general principles that guide the Code of Ethics.

The purpose of our Code of Ethics is to reinforce the fiduciary principles that govern the conduct of our firm and the actions of our advisory personnel. Each member of the firm is instructed to act in the best interests of all of our clients, to avoid any real or potential conflicts of interest, and to conduct their personal activities with the utmost of integrity.

Our Code of Ethics has been distributed to all members of the firm. The following is a summary of the policies contained in our Code of Ethics:

- Standards of Business Conduct
- Compliance with Federal Securities Law
- Review and/or Approval of Personal Securities Transactions of Certain Persons
- Ability to Purchase the Same Securities Recommended to or Owned by Firm Clients
- Obligation to Report Violations and Enforcement of Sanctions Where Necessary
- Annual Employee Certification Required

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions, and for initial and annual securities holdings reports that must be submitted by the firm's access persons. Our code also provides for oversight, enforcement and recordkeeping provisions.

You may receive a free copy of our Code of Ethics by sending your request to [krebubeck@beaconcompliance.com](mailto:krbubeck@beaconcompliance.com), or by calling us at 972-404-1040.

### **INTEREST in CLIENT TRANSACTIONS**

Our firm does not participate in Principal Trades or in Agency Cross transactions. Principal transactions are those where our firm, acting on behalf of our own account, buys or sells a security to you or another client. An Agency Cross transaction is one in which our firm acts as a broker for both the buyer and seller of a security.

We do not recommend to you or other clients that you take a position in a security in which our firm, our employees, or our related persons has a material financial interest.

## **PERSONAL TRADING**

Our Code of Ethics is designed to assure that the personal securities transactions by our employees, and the activities and interests of our employees will not interfere with:

- Making decisions in your best interests; and
- Implementing such decisions while, at the same time, allowing our employees to invest for their own accounts.

Our firm and employees of our firm may make recommendations for the purchase or sale of securities that we either may:

- Already have an interest in; or
- Subsequently may invest in

Our firm and our employees of the firm may buy or sell for their personal accounts securities identical to or different from those recommended to you. In addition, any related person(s) may have an interest or position in securities which may also be recommended to you or which you may already own.

It is the written policy of our firm that no person employed by us may purchase or sell any security first if a trade in the same security is being executed for your account.

The exception to this is the purchase or sale by our employees of open-end mutual funds and open-end exchange traded funds that are not unit investment trusts and for whom we are unaffiliated, direct obligations of the U.S. Government, banker's acceptances, bank certificates of deposit, commercial paper, high quality short term debt instruments, and money market funds. This policy generally prevents the employee(s) from benefiting from transactions placed on behalf of your account(s).

Where both you and the employee wish to either buy or sell the same security, other than those securities indicated above, both of you are on the same side of the trade, and the trade is executed at the same time, we would, if possible, aggregate the trades so both the employee and you would receive the same price and each account would receive a pro-rata share of the transaction costs.

In the instances where there is a partial fill of a particular aggregated order, we will allocate all purchases pro-rata to both you and the employee, with each of you receiving the average price and with the transaction costs being shared pro-rata.

Because we may utilize sub-advisors to manage the assets of your account and to execute transactions for your account, as a practical matter we generally would have no knowledge of the timing or specifics of any transaction they would be making for your account.

There also may be instances in which your trade may be with one custodian and the employee's trade is to be executed with a different custodian. In these cases there cannot be



an aggregation of the trade. Therefore, we will make sure that your trade is executed first before that of any of our employees.

As situations like these may represent actual or potential conflicts of interest to you, we have established the following policies and procedures as part of our Code of Ethics to ensure we comply with our regulatory obligations and to provide you, other clients, and other potential clients, with full and fair disclosure of such conflicts or potential conflicts of interest:

- No principal or employee of our firm may put his or her own interest above the interest of your account(s).
- No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is based on information received because of his or her employment unless the information is available to the investing public.
- We may ban or otherwise require prior approval for any IPO or private placement investments by any employee or related persons of the firm.
- We maintain a list of what we consider to be "Covered" or "Reportable" securities holdings for our firm, our employees, and anyone associated with our firm that has access to our investment recommendations. This person is referred to as an "Access Person".
- Any individual who violates any of the above restrictions may be subject to varying levels of disciplinary action including termination.
- We will maintain all records regarding personal securities transactions as is detailed in Rule 204A-1 of the Investment Advisors Act of 1940.

## **Item 12 Brokerage Practices**

### **RESEARCH and SOFT DOLLAR BENEFITS**

Our firm does not maintain any soft dollar arrangements or agreements with any broker-dealer. However, we do receive research and services from some broker-dealers that while not covered in a soft dollar agreement, nonetheless, may be a benefit to our firm.

Independent sub-advisors may have soft-dollar arrangements with broker-dealers. Those arrangements should be disclosed in their Form ADV Part 2A.

In many cases, if not directed to do otherwise by you, we will utilize Schwab Institutional Services for the custody and trading of our client accounts. Schwab Institutional is a division of Charles Schwab & Co., Inc., a FINRA registered broker-dealer and a member of SIPC.

Schwab provides us with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers, on an unsolicited basis, at no charge if we maintain a minimum level of client assets with them.

Our firm benefits by maintaining your assets with Schwab or one of the other large retail broker-dealers such as Fidelity or TD Ameritrade. In exchange for maintaining the minimum required client assets we receive brokerage services which can include:

- Execution of securities transactions;
- Custody services;
- Research; and
- Access to mutual funds and other investments generally available only to institutional investors or individual investors with significantly higher minimum initial investment requirements.

Some or all of these services can be directly beneficial to your account while others may not result in any benefit to your account.

For our client accounts which are maintained in Schwab's custody there is no separate charge for custody services. Instead Schwab is compensated by account holders, such as your account, through commissions and other transaction related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts. The same basic principal holds true with the other large retail broker-dealers such as Fidelity and TD Ameritrade.

Schwab Institutional and the other large retail broker-dealers make available to our firm other products and services that benefit us, but which may not directly benefit your account(s). In other words, the keeping of your account at Schwab or one of the other large retail broker-dealers is helping us maintain our required minimum asset level in order that we might receive the services previously outlined. Some of these and other services may not be applicable to your account(s), but they may be received by other accounts we manage, including those not maintained at Schwab.

Schwab and the other large broker-dealers may also provide us products and services that assist us in managing and administering your account(s). This includes software and other technology that:

- Provides access to your account data including trade confirmations and account statements;
- Facilitates trade execution and allocation of aggregated trade orders for multiple client accounts;
- Provides research, pricing and other market data;
- Facilitates payment of our fees from client accounts; and
- Assists with back-office functions, recordkeeping, and client reporting.

We may also receive other services intended to help us manage and further develop our business enterprise. These services may include:

- Compliance, legal and business consulting;
- Publications and conferences on practice management and business planning;
- Access to employee benefits providers, human capital consultants, and insurance providers.

Schwab and other large retail broker-dealers may make available third-party vendors for some of the services rendered to us. These broker-dealers may discount or waive fees they would

otherwise charge for some of these services, or they may pay all or a part of the fees of the third-party providing these services to our firm. These broker-dealers may also provide benefits such as educational events or occasional business entertainment of our personnel.

In evaluating whether to recommend that you custody your assets at one of these broker-dealers, we may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors we consider. Thus this decision is not based solely on the nature, cost or quality of custody and brokerage services provided by the broker-dealer. This may create a potential conflict of interest.

## **BROKERAGE for CLIENT REFERRALS**

Our firm does not receive or participate in any program whereby we receive client referrals in exchange for using any particular broker-dealer.

## **DIRECTED BROKERAGE**

You are under no obligation to use any particular broker-dealer. We are regularly asked if we can recommend a particular broker-dealer. Because we have an established relationship with Schwab, receive services as outlined in the section titled “Research and Soft Dollar Benefits”, and feel that Schwab can provide our customers with high quality service, we oftentimes suggest Schwab. However, you are free to use any broker-dealer that you may choose.

If you allow us to choose the broker-dealer for your account, your investment management agreement with us will reflect that you are providing us with the authority to determine the broker-dealer to use. In addition, you will also be allowing us to choose the commission costs that will be charged to you for these transactions.

You may change your broker-dealer at any time, as well as amend or revoke discretionary authority at any time by providing us with written notice.

If you should request that we utilize a specific broker-dealer that is someone we do not utilize on a regular basis you should be aware that your choice may interfere with our ability to “batch” or combine your trades with other client trades. This may impact the price at which your security is bought or sold and may impact the commission cost you pay for your order.

## **TRADE AGGREGATION and ALLOCATION**

Our firm may, **but is not obligated to**, combine or “batch” your orders with orders of other clients. In the event an employee of the advisor is seeking to purchase or sell the same security as is being contemplated for your account at the same time, then we are obligated to combine or “batch” your order with the employee’s order. In no event will an employee receive any preferential treatment over any account of yours or of other clients.

The process of combining these orders oftentimes allows us to negotiate more favorable commission rates. We also can allocate equitably among you, other clients, and employees the differences between prices, commissions, and other transaction costs that we and you may not have received had each order been placed independently. This allows you to receive the average price paid or received as well as to share in the purchase or sale pro-rata in the event that an order is only partially completed. Our firm will not receive any additional compensation

as a result of aggregating these orders.

We also may choose not to aggregate orders except in the instance of an employee entering an order at the same time as your account. Reasons that we may not aggregate an order may include:

- Only a small percentage of an order is completed and thus the shares may be assigned to the account with the smallest order or position, or that is out of line with respect to a security or sector weightings.
- Allocations may be given to one account when that account has investment limitations which restrict it from purchasing other securities which are expected to produce similar investment results.
- If an account reaches an investment guideline limit and cannot participate in an allocation which may occur due to unforeseen changes in account assets after an order is placed.
- Sale allocations may be given to accounts that are low in cash.
- When a pro rata allocation would result in a de minimis allocation in one or more accounts.
- In the case where a proportion of an order is filled in all accounts, shares may be allocated to one or more accounts on a random basis.

We may recommend sub-advisors that may aggregate and allocate your investment transactions with like transactions for their other clients. If these sub-advisors do aggregate and allocate some or all of their transactions in order to seek “best execution” that information should be disclosed in their Form ADV Part 2A.

## **Item 13 Review of Accounts**

### **INVESTMENT SUPERVISORY SERVICES**

#### ***Review of Account(s) -***

We continually monitor the underlying securities within your account(s). Accounts are reviewed in the context of your stated investment objectives and guidelines. All account(s) are reviewed in detail at least on a quarterly basis and more frequently as you may request, or as material events may dictate. These material events may include:

- Individual life events;
- Market driven events;
- Economic events; and
- Political events.

In addition to our reports, you should receive at least a quarterly report from the custodian of your accounts.

Jack E. Simmons performs all reviews of your account(s).

### ***Regular Reports –***

On a quarterly basis we will discuss your accounts and their overall performance with you in a telephone call. In addition, you can view the performance information for your account(s) via your own password restricted access to our website.

As part of our annual financial planning meeting with you we will review your on-going investment objectives and review your prior year performance and year to date performance.

### **FINANCIAL PLANNING**

#### ***Review of Account(s) -***

We perform a quarterly review with you of your overall financial plan and objectives including your advisory accounts which may be managed by our firm. We also meet with you in person in our offices on an annual basis at which time we perform a comprehensive review of your financial plan. In the event of significant changes which may have an impact on your financial plan we may engage in more frequent reviews with you.

Either Jack E. Simmons or Kyle E. Simmons performs our reviews of client accounts. Jack E. Simmons is the senior member of the firm and acts in a supervisory role to all accounts.

### ***Regular Reports –***

At the completion of your financial consult we will prepare an action list of steps that need to be taken to meet the objectives resulting from your consult. From that point forward you will receive a quarterly update by telephone and a revised action list on an annual basis.

As part of our annual financial planning meeting with you we will review your financial plan, your investment objectives, your prior year performance, and your year to date performance.

Should circumstances dictate, additional reviews may be provided.

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

Our firm does not engage solicitors or pay any related or non-related persons for referring potential clients to our firm.

It is our policy not to accept or allow our employees and related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to you.

## **Item 15 Custody**

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that we request that you direct your custodian to allow our firm to directly debit your management fees from your account(s). Again, the approval of the direct debit of fees is solely your choice. You have no obligation to allow us to do so.

Technically, SEC rules consider this to be custody. However, if this is the only manner in which

we are considered to have custody and certain conditions are met, then we will not be subject to the requirements established for true custody of your assets.

If you agree to allow us to direct debit fees from your account(s) we will require authorization in writing from you. Each billing period we will notify your custodian of the amount of the fee to be deducted from your account(s). On at least a quarterly basis, the custodian is required to send to you and us a statement showing all transactions, including management fees disbursed from your account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted from your account, it is important for you to carefully review the custodial statements to verify the accuracy of the calculation, among other things. You should contact us directly if you believe that there may be an error in your statement.

In addition to the periodic statements that you receive directly from your custodians, we also send or provide via electronic format, including access to our client only website, account statements directly to you on a quarterly basis.

We urge you to carefully compare the information provided on these statements to the statements you receive from the custodian to ensure that all account transactions, holdings, and values are correct and current.

Our firm does not have actual or constructive custody of your account or of any other client account.

## **Item 16 Investment Discretion**

The vast majority of our accounts are discretionary in nature. We will request that we be given discretionary authority from the outset of our advisory relationship so that we may provide discretionary asset management services for your accounts. You may deny such authority. If that authority is denied or revoked in the future we may, at our sole discretion, choose not to enter into, or to terminate any advisory relationship with you.

When you agree to give us discretionary authority, we can place trades in your account without contacting you prior to each trade to obtain your permission.

Our discretionary authority includes the ability to do the following without contacting you:

- Determine the security to buy or sell; and/or
- Determine the amount of the security to buy or sell

In all cases this discretion is to be used in a manner consistent with the stated investment objectives for your account.

When we select securities and determine the amounts of those securities to buy or sell, we will observe the investment policies and any limitations or restrictions which you may have given us to follow.

You give us discretionary authority when you sign a discretionary investment management agreement with our firm, and you may limit this authority by giving us written instructions in advance of entering into an agreement. You may also limit this authority at any time after entering into an agreement while that agreement remains in effect by once again providing us with written instructions. These limitations and other instructions will become a part of your permanent file.

## **Item 17 Voting Client Securities**

We will vote proxies for your account; however, you always have the right to vote proxies yourself. You can exercise this right by instructing us in writing that you do not wish for us to vote proxies in your account. When we have the responsibility of voting proxies in your account, we will also act on all other corporate actions in a timely manner.

We will vote proxies for your account that are in the best interests of your account and that are done so in accordance with our established policies and procedures. Our firm will retain all proxy voting records for the required period of time. We will keep a copy of the following:

- Each proxy statement received;
- A record of each vote cast;
- A copy of any document created that was material in making our decision on how to vote the proxy; and
- A copy of each written client request for information on how we voted the proxy.

If we have a conflict of interest in voting a particular proxy or corporate action, we will notify you of the conflict and either retain an independent third-party to cast a vote or with your approval allow you to cast the vote.

You may obtain a copy of our complete proxy voting policies and procedures by contacting Kyle Bubeck by telephone at 913-239-0100, email at [krebubeck@beaconcompliance.com](mailto:krbubeck@beaconcompliance.com), or in writing to PO Box 11550, Overland Park, KS 66207.

You may request, in writing, information on how proxies for your shares were voted. If you request a copy of our complete proxy policies and procedures or how we voted proxies for your Account(s), we will promptly provide such information to you.

We will not advise you or act on your behalf in legal proceedings involving companies whose securities are held in your account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, you may direct us to transmit copies of class action notices to you or to a third party. Upon receiving that direction, we will make commercially reasonable efforts to forward such notices in a timely manner.

With respect to ERISA accounts, we will vote proxies unless the plan documents specifically reserve the plan sponsor's right to vote proxies.

If we have proxy voting responsibility for your account(s) you can instruct us to generally vote all proxies according to particular criteria (for example, to always vote with management, or to

vote for or against a proposal to allow a so-called "poison pill" defense against a possible takeover). These requests must be made in writing.

If we have proxy voting responsibility for your account(s) you can also instruct us on how to cast your vote in a particular proxy contest. These requests must also be made in writing.

To direct us to vote one or more proxies in a particular manner, you should send your written request to Jack E. Simmons at the mailing address on the cover page of this brochure.

We may vote proxies for some, but not all of our clients. You may, at your election, choose to receive proxies and vote the proxies related to your own accounts.

If you have instructed us not to vote proxies, we may provide investment advisory services relative to the investment assets, however, you will maintain responsibility for:

- Directing the manner in which proxies solicited by issuers of securities beneficially owned by you shall be voted, and
- Making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other events pertaining to your investment assets.
- Instruct each custodian to forward to you the copies of all proxies and shareholder communications relating to your investment assets.

## **Item 18 Financial Information**

Under no circumstances do we require or solicit payment of fees in excess of \$1200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

If we maintain discretionary authority for your account or are deemed to have actual or constructive custody of your assets or collect fees as described in the preceding paragraph we are required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations.

Our firm has no financial circumstances to report. Additionally, our firm has not been the subject of a bankruptcy proceeding at any time during the past ten years.