



Firm Brochure
(Part 2A of Form ADV)

John Moore & Associates, Inc.
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August 31, 2020

This Brochure provides information about the qualifications and business practices of John Moore & Associates, Inc. (JMA). If you have any questions about the contents of this Brochure, please contact us at (505) 881-5100 and/or info@johnmoore.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.

John Moore & Associates, Inc. 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 Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about John Moore & Associates, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules.

Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year.

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

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

Material Changes since the Last Update

This brochure was last updated on April 15, 2020. Our business activities have not changed materially since the time of that update.

Full Brochure Available

Currently, our Brochure may be requested, free of charge, by contacting us at (505) 881-5100 or emailing info@johnmoore.com.

Additional information about John Moore & Associates, Inc is also available via the SEC’s web site www.adviserinfo.sec.gov. The SEC’s web site also provides information about any persons affiliated with John Moore & Associates, Inc. who are registered, or are required to be registered, as investment adviser representatives of John Moore & Associates, Inc.

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Item 4 – Advisory Business

John Moore & Associates, Inc (hereinafter “we, us, Firm, JMA”) was founded in 1997. We are located in Albuquerque, NM. JMA provides investment management services in a variety of equity, fixed income and balanced strategies. We provide investment advisory services through separately managed accounts to a variety of clients, including business organizations, private pensions, trusts, foundations, charitable organizations, high net worth individuals and other entities.

We provide personalized asset management services to our clients that help them meet their financial goals, using their own objectives, time horizons, and risk tolerance. Peace of mind comes with better education and financial planning.

The firm is owned by John W. Moore, Connie K. Moore, the John W. and Connie K. Moore Revocable Living Trust, Brian Cochran, Emily Cochran, and the Cochran Trust. JMA provides investment advisory services to individuals, trusts, retirement accounts (Individual Retirement Accounts, pensions and profit sharing plans).

JMA Asset Allocation

The JMA Asset Allocation Model is designed to provide broad equity exposure through ownership of multiple mutual funds that represent specific asset classes in terms of investment manager style and market capitalization of the underlying stocks or bonds owned by the mutual funds. This model can also own funds that invest in “alternative” asset classes. These funds can utilize strategies such as short selling, managed futures, etc.

JMA provides multiple blends of assets within the framework of the Asset Allocation Model. For example, one version of this model has 70% domestic stocks, 10% international stocks, 10% bonds, and 10% alternative investments. Another version reduces the domestic stocks to 50% and increases the bond investment to 30% of the portfolio.

The objective of this fund is to generate returns competitive with US stock market while provided lower volatility. Even so, the Asset Allocation Model is subject to potentially significant market value fluctuations.

JMA Dynamic Equity

The Dynamic Equity Model utilizes a proprietary quantitative model to determine the potential value and relative risk of a company based on earnings forecasts, current interest rates, dividend yield, inflation rate and several other factors. This quantitative method is designed to identify companies that have price potential significantly above current market price and that have risks significantly below typical market risks. The Dynamic Equity Model relies on strict buy and sell disciplines utilizing a multi-

dimensional screening process that provides suggested companies for purchase. Companies are added in allocations of 4-6% depending on the number of screens passed with a limit of 20 total companies to be held at any time. The lowest performing positions are sold based on a strict sell discipline. The sell criteria can result in increased cash allocation in periods when no companies pass screens.

The objective of the model is capital appreciation with reduced equity exposure during periods of less attractive market characteristics. The concentrated nature of the strategy and the ability to raise cash may result in periods of outperformance relative to equity benchmarks in either up or down market environments.

JMA Managed Bond

The Managed Bond strategy seeks to provide clients with a high quality, intermediate term, laddered fixed income portfolio. Portfolios may consist of municipal bonds (tax-free or taxable depending on client needs), investment grade corporate bonds, treasury bonds or certificates of deposit with maturities from 2-12 years. We seek to diversify the ladder across multiple states and sectors. Portfolios can be customized to client needs including state of residence, duration or taxability of bonds. Fixed income research and purchases are conducted through a collaboration with SP Financial Group of Raymond James, which is a subadvisor on the account. SP Financial Group receives a portion of our management fee. The client will receive a copy of the subadvisor's Form ADV Part 2A upon engagement. JAM encourages the client to carefully review the subadvisor's Form ADV Part 2A.

The primary objective of the strategy is preservation of principal and interest income. The short duration and high-quality nature of the strategy are designed to limit default risk and interest rate risk.

JMA Income

The JMA Income Model is designed to generate income higher than that available from other fixed income investments. It primarily invests in closed end bond funds. Other income generating assets (such as Master Limited Partnerships and Real Estate Investment Trusts) may also be held in this portfolio. The objective of this fund is cash flow first. There can be significant market value fluctuations...normally somewhat less than the US stock market.

JMA Equity Income

The Equity Income Model Portfolio* combines a top-down sector approach with bottom-up stock selection to attempt to provide a diversified, Large Cap Income-oriented equity portfolio solution. It is a diversified portfolio of 20 predominantly large capitalization companies followed by Raymond James or another of our research providers.

The portfolio is designed to produce long-term total return, by combining current and growing dividends with appreciating share prices. The dividend yield of the portfolio is expected to exceed the dividend yield of the S&P 500.

JMA Equity (formerly JMA CAPx Model)

The Equity Model utilizes a proprietary quantitative model to determine the potential value of a company based on forecast earnings, current interest rates, dividend yield and several other factors. This valuation technique is designed to create a higher potential value for companies that are growing their profits at a faster rate than the “average” company that is publicly traded. This valuation model can also provide useful analytics for the broader market by breaking down common indices such as the S&P 500, NASDAQ, etc.

Valuations created by the Equity model are the basis for additional screening of results to provide “short lists” of stocks that fit certain criteria such as earnings growth, dividend yield, etc. These short lists allow more in-depth analysis of these companies to determine their inclusion in the actual portfolio owned by clients.

The Equity model is normally comprised of 15-25 individual stocks or exchange traded funds. These stocks can be of any size company but will normally be companies growing their earnings faster than the average publicly traded company.

Because of the concentrated number of holdings in the portfolio, it can be subject to substantial market fluctuations. It can also be subject to extended periods of “streaky” performance. In other words, there can be time periods when the portfolio will significantly underperform or outperform appropriate benchmarks. This “streakiness” is an important characteristic that makes this portfolio not suitable for every investor.

JMA does provide portfolio management services for wrap fee programs, but we do not sponsor wrap fee programs. Our wrap fee accounts are by and large managed the same as non-wrap fee accounts. A portion of the wrap fee is paid to us as the compensation for our services.

Certain securities may be held in the client’s Ambassador account and designated “Administrative-Only Investments”. There are two primary categories of Administrative-Only Investments: Client-designated and Raymond James-designated. Client-designated Administrative-Only Investments may be designated by financial advisors that do not wish to collect an advisory fee on certain assets, while Raymond James-designated Administrative-Only Investments are designated by Raymond James in conformance with internal policy. For example, a financial advisor may make an arrangement with a client that holds a security that the financial advisor did not recommend or the client wishes to hold for an extended period of time and does not

wish for their financial advisor to sell for the foreseeable future. In such cases the financial advisor may elect to waive the advisory fee on this security, but allow it to be held in the client's advisory account – such designations fall into the Client-designated category. Alternatively, Raymond James may determine that certain securities may be held in an advisory account but are temporarily not eligible for the advisory fee (such as for mutual funds purchased with a front-end sales charge through Raymond James within the last two years, new issues and syndicate offerings). Assets designated by Raymond James as temporarily exempt from the advisory fee fall into the Raymond James-designated category.

PLEASE NOTE: Due to Department of Labor (“DOL”) regulations, the designation of Client-designated Administrative-Only Investments and the maintenance of such positions in the client's account are not permissible in DOL-impacted retirement accounts (such as IRAs and employer sponsored retirement plans). The underlying premise of this prohibition is that the maintenance of assets in an advisory account that are not being assessed an advisory fee introduces a potential conflict that the financial advisor's advice may be biased as a result of their not being compensated on this asset. As a result, the financial advisor may recommend a course of action in their and not the client's interest (such as selling the security to increase the financial advisor's compensation). Raymond James has elected to preserve the ability for clients and their financial advisors to designate assets as Client-designated Administrative-Only in their non-DOL impacted accounts in order to maintain client choice and avoid the need to maintain a separate account to hold these securities or cash. Nevertheless, while Raymond James cannot accommodate this level of flexibility in DOL-impacted retirement accounts, clients can choose to maintain securities or cash in their brokerage account that they do not wish to be assessed an advisory fee. Administrative-Only Investments will not be included in the Account Value when calculating applicable asset-based advisory fee rates.

Raymond James assesses advisory fees on cash sweep balances (“cash”) held in advisory accounts.

Cash balances are generally expected to be a small percentage of the overall account value in EHNW, Freedom, Freedom UMA, MDA, RJCS, RJRP and Russell managed accounts, although cash balances may fluctuate at any given time at the discretion of the portfolio manager or the AMS Investment Committee, as applicable. However, Freedom offers the Defensive Conservative Strategy which includes a 50% cash allocation, as well as the Defensive Balanced and Defensive Growth Strategies which include a 20% cash allocation. These Strategies are intended to provide clients the flexibility of raising cash in their Freedom account while maintaining continued market

exposure. Clients selecting one of these Defensive Strategies should understand the cash balance is subject to the asset-based advisory fee. Due to the high cash allocation of the Defensive Strategies, clients should periodically re-evaluate whether their selection of such a Strategy is appropriate in light of their financial situation and investment goals.

Billing cash balances, particularly when the cash balance is maintained for an extended period of time or comprises a significant portion of the Account Value, may create a financial incentive for a financial advisor to recommend maintenance of this cash versus investing in an otherwise advisory fee-eligible security. For example, it's generally expected that the advisory fee will be higher than the interest a client will earn on this cash balance through their sweep account, so the client should expect to achieve a negative return on this portion of their account, although such cash balances will not be subject to market risk (that is, risk of loss) associated with securities investments. As a result, clients should periodically re-evaluate whether their maintenance of a cash balance is appropriate in light of their financial situation and investment goals, and should understand that this cash may be held outside of their advisory account and not subject to advisory fees.

Assets under management as of December 31, 2019 were:

Discretionary:	\$146,057,624.00
Non-Discretionary:	<u>\$285,266,453.00</u>
Total:	\$432,324,077.00

Item 5 – Fees and Compensation

Our standard Fee Schedules is as follows:

Strategy	Account value	Annual Fee
Equity, Dynamic Equity, Equity Income, JMA Growth, JMA Balanced, JMA Balanced with Growth or Freedom	Up to \$300,000	1.25%
Equity, Dynamic Equity, Equity Income, JMA Growth, JMA Balanced, JMA Balanced with Growth or Freedom	\$300,001-\$500,000	1.13%
Equity, Dynamic Equity, Equity Income, JMA Growth, JMA Balanced, JMA Balanced with Growth or Freedom	\$500,001 to \$3,000,000	1.00%
Equity, Dynamic Equity, Equity Income, JMA Growth, JMA Balanced, JMA Balanced with Growth or Freedom	\$3,000,001 to \$5,000,000	0.85%
Equity, Dynamic Equity, Equity Income, JMA Growth, JMA Balanced, JMA Balanced with Growth or Freedom	Over \$5,000,000	Negotiable
Managed Bonds and Income	Up to \$1,000,000	0.88%
Managed Bonds and Income	\$1,00,001-\$3,000,000	0.77%
Managed Bonds and Income	\$3,000,001 to \$5,000,000	0.66%
Managed Bonds and Income	Over \$5,000,000	Negotiable
Cash Management, Annuities and Non-Strategy Holdings	Up to \$1,000,000	0.25%
Cash Management, Annuities and Non-Strategy Holdings	\$1,000,001 to \$3,000,000	0.15%
Cash Management, Annuities and Non-Strategy Holdings	\$3,000,001 to \$5,000,000	0.10%
Cash Management, Annuities and Non-Strategy Holdings	Over \$5,000,000	Negotiate
Freedom SMA	Up to \$1,000,000	1.75%
Freedom SMA	\$1,000,001 to \$3,000,000	1.50%
Freedom SMA	\$3,000,001 to \$5,000,000	1.25%

Freedom SMA	over \$5,000,000	Negotiable
Freedom UMA	Up to \$1,000,000	1.50%
Freedom UMA	\$1,000,001 to \$3,000,000	1.25%
Freedom UMA	\$3,000,001 to \$5,000,000	1.00%
Freedom UMA	over \$5,000,000	Negotiable

Additionally, there is a nominal Processing Fee for the execution of each trade in Passport and IMPAC accounts as follows:

Security Type	Processing Fee
Exchange Traded Equities: Listed and OTC (common & preferred)	\$15.00

The specific manner in which fees are charged by JMA is established in a client's written agreement with JMA. JMA will generally bill its fees on a quarterly basis, in advance. However, some accounts are billed on a monthly basis in advance. The frequency at which fees are collected will be established in the client's written agreement with JMA. Clients may elect to be billed directly for fees or to authorize JMA to directly debit fees from client accounts. Management fees shall not be prorated for each capital contribution and withdrawal made during the applicable calendar quarter. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement. All fees are subject to negotiation.

JMA's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to JMA's fee, and JMA shall not receive any portion of these commissions, fees, and costs.

In addition to account management noted above, JMA also provides financial planning and investment advice to clients on an hourly basis. Hourly rates are generally \$195 per

hour. Total time required to complete an advisory or planning project are estimated and disclosed to client in advance. Rates may be adjusted to reflect individualized services offered to the client.

The annual asset-based fee is paid quarterly in advance. When an account is opened, the asset-based fee is billed for the remainder of the current billing period and is based on the initial contribution. Thereafter, the quarterly asset-based fee is paid in advance, is based on the account asset value as of the last business day of the previous calendar quarter and becomes due the following business day. If cash or billable securities, or a combination thereof, amounting to at least \$100,000, are deposited to or withdrawn from your account on an individual business day in the first two months of the quarter, Raymond James will: (i) assess asset-based fees based on the value of the assets on the date of deposit for the pro rata number of days remaining in the quarter, or (ii) refund prepaid asset-based fees based on the value of the assets on the date of withdrawal for the pro rata number of days remaining in the quarter. No additional asset-based fees or adjustments to previously assessed asset-based fees will be made in connection with deposits or withdrawals that occur during the last month of the quarter unless requested by you. Notwithstanding the above \$100,000 adjustment threshold, Raymond James reserves the right, in its sole discretion, to process or not process fee adjustments when the source and destination of deposits and withdrawals involve a client's other fee-based advisory accounts. For example, a transfer of \$100,000 into a joint Passport account funded from two \$50,000 withdrawals from separate Ambassador accounts will have the \$100,000 billed in their joint Passport account and each of the Ambassador accounts will be refunded previously assessed fees on the separate \$50,000 withdrawals for the pro rata period remaining in the quarter.

Item 12 further describes the factors that JMA considers in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (e.g., commissions).

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

Performance-based fee arrangements involve the payment of fees based on a share of capital gains or capital appreciation of a client's account. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. JMA does not use a performance-based fee structure or participate in any side-by-side management.

Item 7 – Types of Clients

JMA provides portfolio management services to individuals, high net worth individuals, corporate pension and profit-sharing plans, charitable institutions, foundations. We do not have a minimum account requirement.

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

Investing in securities involves risk of loss that clients should be prepared to bear.

JMA Investment Process

The JMA investment process begins with an in-depth dialogue with each prospective client. This dialogue is designed to establish the foundation for a long-term relationship with the client and determine if the firm and the potential client can work effectively together to fill the needs of the client and their family. This dialogue is also designed to facilitate an appropriate risk assessment to determine the proper mix of investments for each client portfolio.

Actual investment selection will be determined in consultation with the client. Individual stock and bond portfolios can be utilized in addition to open end and closed end mutual funds. JMA has specific models that utilize these investment vehicles. See paragraph below for information on these models.

When appropriate, we may utilize non-JMA managers available on platforms provided by other firms. Normally we will rely primarily on the platform provider for money manager due diligence. Non-JMA managers will normally be utilized to provide specific skills and/or investment processes not supported by our team members.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of JMA or the integrity of JMA's management.

In June 2018 JMA chose to voluntarily participate in the Share Class Disclosure Initiative with the U.S. Securities and Exchange Commission (SEC). JMA did not feel

that they had failed to make required disclosures relating to our selection of mutual fund share classes that paid us a fee pursuant to Rule 12b-1 of the Investment Company Act of 1940 (12b-1) when a lower-class for the same funds was available to clients. We chose to participate in this initiative because our custodian, Raymond James, had in prior years, paid some 12b-1 fees to JMA that should have been paid to the client.

The fees were refunded to the clients by February 12, 2019. On March 25, 2019 we were notified by the SEC that they had concluded their review of our filing and did not intend to recommend an enforcement action by the Commission against JMA.

Item 10 – Other Financial Industry Activities and Affiliations

JMA has an association with Raymond James Financial Services, Inc. and as such approximately 30% of the firm's time is spent in this area.

Investment Adviser Representatives (IARs) of JMA are registered representatives of RJFS and may receive commissions on securities transactions. Approximately 30% of their time is spent in this capacity. Notwithstanding the fact that these associates are registered representatives of RJFS, the Adviser is solely responsible for the investment advice rendered. Advisory services are provided separately and independently of the broker-dealer.

John Moore and David Stephens are registered representatives of Raymond James Financial Services, Inc. (RJFS), Member FINRA/SIPC, which is a wholly owned subsidiary of Raymond James Financial, Inc. RJFS clears its securities transactions on a fully disclosed basis through Raymond James & Associates, Inc. (Member NYSE/SIPC), which is also a wholly owned subsidiary of Raymond James Financial, Inc. Notwithstanding the fact that principals and associates of the advisor may be Registered Representatives of RJFS, the advisor is solely responsible for the investment advice rendered. Advisory services are provided separately and independently of the broker/dealer.

Employees of JMA are shareholders of Zia Trust Company and John Moore is a member of the Board of Directors of Zia Trust Company. JMA is one of several investment advisers that provide investment management services for Zia Trust Inc.

JMA uses the services of a subadvisor in its Managed Bond portfolios. JMA will ensure that the subadvisor is properly registered or exempt from registration in the client's state of residence prior to making any recommendations. Additionally, the client will receive a copy of the subadvisor's Form ADV Part 2A upon engagement. JAM encourages the client to carefully review the subadvisor's Form ADV Part 2A.

Item 11 – Code of Ethics

JMA has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at JMA must acknowledge the terms of the Code of Ethics annually, or as amended.

JMA anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which JMA has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which JMA, its affiliates and/or clients, directly or indirectly, have a position of interest. JMA's employees and persons associated with JMA are required to follow JMA's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of JMA and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for JMA's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of JMA will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of JMA's clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between JMA and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with JMA's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. JMA will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

JMA's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Jami Schwalm.

It is JMA's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. JMA will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

Item 12 – Brokerage Practices

If a client requests a broker-dealer, the Applicant may recommend RJFS. The client is however, under no obligation to transact securities through RJFS unless the client wishes to open a PASSPORT, Ambassador or IMPAC account. If a client chooses to use a broker-dealer other than RJFS, applicant's role would be limited to that of a consultant. Commissions charged by RJFS, while generally competitive, may not necessarily be the lowest in the industry. RJFS offers the client a broad product mix, based on research and due diligence, but access to some products or services may be limited or unavailable. RJFS provides JMA with research reports and other data without additional compensation.

JMA does not render advice to or take any actions on behalf of clients with respect to any legal proceedings, including bankruptcies and shareholder litigation, to which any securities or other investments held in client accounts, or the issuers thereof, become subject, and does not initiate or pursue legal proceedings, including without limitation shareholder litigation, on behalf of clients with respect to transactions, securities or other investments held in client accounts. The right to take any actions with respect to legal proceedings, including shareholder litigation, with respect to transactions, securities or other investments held in a client account is expressly reserved to the client.

Investment Adviser Representatives (IAR) of JMA are registered representatives of Raymond James Financial Services, Inc. (RJFS), a registered broker-dealer with the FINRA, and may recommend RJFS to advisory clients for brokerage services. Registered representatives of RJFS are subject to FINRA Conduct Rule 3280 that restricts them from conducting securities transactions away from RJFS. Therefore, clients are advised that such IARs are limited to conducting securities transactions

through RJFS. It may be the case that RJFS charges a higher or lower fee than another broker charges for a particular type of service, such as transaction fees. Clients may utilize the broker dealer of their choice and have no obligation to purchase or sell securities through RJFS. However, if the client does not use RJFS, the IAR will reserve the right not to accept the account. As a registered FINRA broker dealer, RJFS routes order flow through its affiliated broker dealer Raymond James & Associates, Inc. (RJA). RJA is obligated to seek best execution pursuant to FINRA Rule 2320 for all trades executed, however better executions may be available via another broker dealer based on a number of factors including volume, order flow and market making activity.

The principal and associate of applicant can receive compensation from stock and bond commissions, insurance or annuities, and 12b-1 fees from mutual funds. Clients are advised of all commissions prior to transactions.

Soft dollar benefits are not limited to those clients who may have generated a particular benefit although certain soft dollar allocations are connected to particular clients or groups of clients.

MUTUAL FUND INVESTMENTS AVAILABLE THROUGH OUR CUSTODIAN, RAYMOND JAMES

Clients should be aware that only those mutual fund companies with which our custodian, Raymond James, has a selling agreement with will be available for purchase from Raymond James, and are generally limited to those fund companies that provide Raymond James with compensation, including but not limited to Education and Marketing Support, Networking, and/or Omnibus fees (Sub-Accounting, Sub-Transfer Agency, and Administrative Fees), see further description below. As a result, not all mutual funds available to the investing public will be available for investment at Raymond James, and clients should not assume that share classes with the lowest available expense ratio are available. Eligibility for various share classes offered by mutual funds to be used as part of the Advisory or Managed account programs is determined by the mutual fund and disclosed in the fund's prospectus. Raymond James, per the fund's prospectus, evaluates the share classes for which the relevant advisory program is eligible, and aims to recordkeeping, and related services (also known as "Sub-TA Fees") at the individual account level. This means that JMA may not select the lowest cost share class for which the program is eligible (because there may be a less costly share class that does not charge Sub-TA Fees). Moreover, while JMA seeks to avoid using share classes that charge 12b-1 fees as part of its advisory programs, if such share class is the only means by which Raymond James can collect Sub-TA Fees from the fund, JMA will use that share class and credit the 12b-1 fee to the client's account(s). Use of a more costly share class will reduce the performance of a client's account. Rule 12b-1 fees will be credited to client accounts bi-monthly, as applicable. Use of a more costly share class will reduce the performance of a client's account. Note that JMA does not have an incentive to recommend or select share classes that have higher expense ratios because their compensation is not affected by

the share class selected. JMA, through Raymond James will also select a 12b-1 share class instead of a non 12b-1 share class if necessary to be eligible to collect marketing and education support payments from mutual fund advisers and affiliates. Such payments are not paid out of fund assets and will not affect a client's investment performance. These 12b-1 fees, too, will be rebated to client accounts.

MUTUAL FUNDS ASSESSED OR SUBJECT TO 12B-1 FEES OR SALES CHARGES

In June 2018, Raymond James began converting existing advisory fee-eligible mutual fund positions in Ambassador, Passport, and IMPAC Program accounts to a specific mutual fund share class ("wrap recommended share class") in an effort to provide advisory clients with lowest cost share class available through Raymond James. This conversion does not apply to non-wrap eligible, non-billable positions such as C shares or other back end load shares that may be held in a client's Ambassador, Passport, or IMPAC account and not eligible for advisory fee billing. Raymond James will perform ongoing quarterly maintenance conversions to ensure the wrap recommended share class has been selected for the client's account. These share class conversions are non-taxable events, and clients' cost basis will carry over to the new wrap recommended share class.

Raymond James has established conversion processes to exchange class C shares to a lower cost share class once the class C shares have been held for at least one year or are otherwise no longer subject to the fund company's contingent deferred sales charge (or CDSC, which is typically 1% of the amount invested). The one year holding period is the required minimum holding period typically established by fund companies before they become eligible for exchange to another share class without being subject to the CDSC. However, certain funds may require that investors hold the Class C shares greater than or less than one year before these shares are CDSC-free. CDSC-free class C shares held in advisory program accounts will automatically be exchanged, on a tax free basis, to the recommended share class by Raymond James on a quarterly basis. For example, a client that holds \$50,000 in class C shares purchased 6 months ago that subsequently transfers these shares to their Ambassador account will not be assessed an advisory fee for 6 months, although the shares will be subsequently exchanged by Raymond James to the recommended share class the month after they are CDSC-free, at which point the newly exchanged shares will be subject to advisory fees.

Investments held in Ambassador Accounts may be comprised of mutual fund shares only (both load-waived and no-load funds may be utilized), individual equity and fixed income securities, or a combination of mutual fund shares and individual securities. With respect to load funds, only the wrap recommended share class of such funds for which the mutual fund sales charge has been waived, may be purchased and charged an advisory fee in these programs. Clients may hold fund shares in a fee-based Ambassador account that were originally purchased in a commission-based account and assessed a front-end load at Raymond James. However, Raymond James will designate these shares as Administrative-Only assets for two years from their original

purchase date, and no advisory fee will be charged on these assets during this period. Likewise, structured investments such as market-linked notes and market-linked certificates of deposit, as well as unit investment trusts assessed an upfront commission will be designated as Administrative-Only assets, and no advisory fees will be assessed for two years from their original purchase date. This two year exclusion period (or “Two Year Rule”) has been implemented by Raymond James to avoid clients being assessed both a load or commission, and an advisory fee on the same asset, but only applies to those above mentioned securities that were purchased through Raymond James.

In the event a client purchased a share class designated as Administrative-Only (or “ineligible”) that is subsequently exchanged into a share class that is otherwise eligible for advisory fees (for example, class C shares held for a year and exchanged into a no-load or load-waived class A share as described above), the Two Year Rule will not apply, provided the client held the ineligible share class at least one year before converting to an eligible share class and the original load was 1.05% or less. Clients should understand that this Two Year Rule may create a financial incentive for their financial advisor to recommend the client exchange to an advisory fee-eligible share class. However, per the above example of exchanging C shares to load-waived A shares, this incentive is mitigated by requiring that the C shares must be held for at least one year before they will be allowed to be exchanged for A shares, where the load associated with C shares is typically 1%. The Two Year Rule is expressly intended to avoid assessing advisory fees on share classes assessed a load in excess of 1%, where the maximum load is typically in excess of 4%.

Item 13 – Review of Accounts

Model portfolios are reviewed on a weekly basis by the Investment Team, which includes John W. Moore, David R. Stephens, Brian Cochran, Daniel Jameson, Joseph Limke, Brad Schneeflock and Greg Hartenbower.

Client accounts are reviewed monthly by the operations area to ensure that individual client portfolios are in alignment with the model portfolios. Clients are kept fully informed about their portfolio activity by receiving copies of all transaction confirmations and monthly/quarterly statements from their brokerage firms and/or custodians (note: clients have the option to suppress confirms if they so choose).

Item 14 – Client Referrals and Other Compensation

JMA does not pay for any outside services for client referrals, nor do we receive any payments for outside referrals.

Item 15 – Custody

JMA does not have custody of client assets. Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. We urge our clients to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

At times, JMA assists some clients with the ability to move money from one account to another. In these situations, the client will sign standing letter of instruction ("SLOAs") with the custodian that grants JMA the ability to facilitate the transfer. When the client's money is transferred between accounts with different titles, this is considered a limited form of custody. In 2017, the SEC issued a no-action letter ("Letter") with respect to the Rule 206(4)-2 ("Custody Rule") under the Investment Advisers Act of 1940 ("Advisers Act"). JMA and the client's custodian, Raymond James, follow the safeguards outlined in the letter. These safeguards include:

- The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
- The client authorizes the investment adviser, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
- The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization and provides a transfer of funds notice to the client promptly after each transfer.
- The client has the ability to terminate or change the instruction to the client's qualified custodian.
- The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.

- The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
- The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

Item 16 – Investment Discretion

JMA usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, JMA observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, JMA's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Investment guidelines and restrictions must be provided to JMA in writing.

Item 17 – Voting Client Securities

As a matter of firm policy and practice, JMA does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. JMA may provide advice to clients regarding the clients' voting of proxies.

Item 18 – Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about JMA's financial condition. JMA has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding. We do not require the prepayment of more than \$1,200 in fees six or more months in advance. Therefore, we are not required to include a financial statement with this brochure.

Our Privacy Pledge to You

We value your business and the trust you have placed in us. We will safeguard your personal financial information, and we will remain vigilant in protecting your account. Listed below are some of the things we do to protect the confidentiality and security of your information:

People – We restrict access, both physically and electronically, to your account information to only those people who are directly involved in administering your trust.

Policies and Procedures – We operate within written Policies and Procedures that cover all aspects of administering trusts and providing accurate accounting and client statements. These procedures provide the environment and disciplines that safeguard your information.

Security – We use modern information security measures to prohibit unauthorized access to your files from computer hackers and anyone not authorized to enter our systems. We use such measures as workstation passwords to control access and we maintain system access controls.

Selling Information - We do not sell information about you to any entity.

Disclosing information – We do not disclose any non-public information about you to anyone except as permitted by law. The governmental regulatory agency responsible to oversee our business is given full access to account information as required by law. We allow access to account information to our outside independent auditor on a confidential basis, and to affiliated companies to the extent necessary to fulfill contractual obligations in servicing your account. Examples would include access to account files for investment review and management, and access to electronic files to create monthly client statements.