

# **CJM Wealth Advisers, Ltd.**

SEC File Number: 801-14391

## **ADV Part 2A, Appendix 1 Wrap Fee Program Brochure Dated: August 5, 2021**

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**This Wrap Fee Program Brochure provides information about the qualifications and business practices of CJM Wealth Advisers, Ltd. If you have any questions about the contents of this Wrap Fee Program Brochure, please contact us at (703) 425-0700 or [bakert@cjmltd.com](mailto:bakert@cjmltd.com). The information in this Wrap Fee Program Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about CJM Wealth Advisers, Ltd. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)**

**References herein to as CJM Wealth Advisers, Ltd. a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.**

## **Item 2           Material Changes**

This Brochure has not been materially amended since the firm last filed its annual updating amendment on March 15, 2020. However, Item 4 was amended to clarify that we make certain adjustments to fees for deposits and withdrawals over \$200,000 during a calendar quarter.

**CJM Wealth Advisers, Ltd.’s Chief Compliance Officer, Tracey A. Baker, CFP®, remains available to address any questions that a client or prospective client has about this Program Brochure.**

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## Item 4 Services, Fees and Compensation

A.

### CJM ASSET MANAGEMENT WRAP PROGRAM

**Program Overview:** CJM Wealth Advisers, Ltd. (the “Registrant”) is the sponsor and investment manager of the CJM Asset Management Wrap Program (hereinafter the “Program”). Under the Program, the Registrant is able to offer participants discretionary and non-discretionary investment management services, for a single specified annual Program fee, inclusive of trade execution, custody, reporting, and investment management fees. The current annual Program fee is generally 1.00%, but may be reduced in the sole discretion of Registrant.

Pershing, LLC (“Pershing”) shall serve as the custodian for Program accounts.

**Program Fees:** Clients will be charged in advance at the beginning of each calendar quarter based upon the value (market value or fair market value in the absence of market value, plus any credit balance or minus any debit balance), of the client's account at the end of the previous quarter. For accounts opened during the quarter and for deposits or withdrawals in amounts of \$200,000 or more, fees are prorated and clients will pay the additional amount or receive a credit in the following quarter.

The fee charged is calculated as described above and is not charged on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client, pursuant to Section 205(a)(1) of the Investment Advisers Act of 1940, as amended (hereinafter the “Act”).

Participation in the Program may cost more or less than purchasing the Program’s services separately from another investment adviser. The Program fee charged by Registrant for participation in the Program may be higher or lower than those charged by other sponsors of comparable wrap fee programs

The transaction fees and commissions incurred in client’s accounts are paid by the Registrant to Pershing. Therefore, the Registrant has an economic incentive to minimize the number of trades in the client’s account. This arrangement creates a conflict of interest. In addition, Registrant may invest client assets through the Program in various mutual funds available through the “Pershing Advisor Source” (“PAS”) platform. Through PAS, Registrant may acquire certain mutual funds with no transaction fees (“NTF Funds”); however, other mutual funds can only be acquired if Registrant pays a \$10 transaction fee (“TF Funds”). This creates a conflict of interest because Registrant has an economic incentive under the Program to acquire NTF Funds over TF Funds because it is paying transaction costs. The Registrant maintains a list of mutual funds that it uses to build client portfolios, and as of February 17, 2021, less than one third of the funds on this list are NTF Funds. These funds are widely used in creating client portfolios, and a client’s portfolio can be up to 100% NTF Funds. To help mitigate this conflict of interest, clients may, at any time restrict Registrant’s use of NTF Funds, in writing. Registrant will provide a list of available NTF Funds and related information upon request. The Registrant’s Chief Compliance Officer, Tracey A. Baker, CFP®, remains available to address any questions that a client or prospective client may have regarding these conflicts of interest.

**Fee Dispersion:** The Registrant's investment advisory fee is negotiable at Registrant's discretion, depending upon objective and subjective factors including but not limited to: the amount of assets to be managed; portfolio composition; the scope and complexity of the engagement; the anticipated number of meetings and servicing needs; related accounts; future earning capacity; anticipated future additional assets; the professional(s) rendering the service(s); prior relationships with the Registrant and/or its representatives, and negotiations with the client. As a result of these factors, similarly situated clients could pay different fees, the services to be provided by the Registrant to any particular client could be available from other advisers at lower fees, and certain clients may have fees different than those specifically set forth above.

**Termination of Advisory Relationship:** The Investment Advisory Agreement between the Registrant and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the Investment Advisory Agreement. Upon termination, the Registrant shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

**Investment Performance:** As a condition to participating in the Program, the participant must accept that past performance may not be indicative of future results, and understand that the future performance of any specific investment or investment strategy (including the investments and/or investment strategies purchased and/or undertaken by the Registrant) may not: (1) achieve their intended objective; (2) be profitable; or, (3) equal historical performance level(s) or any other performance level(s).

- B. Participation in the Program may cost more or less than purchasing such services separately. Also, the Program fee charged by Registrant for participation in the Program may be higher or lower than those charged by other sponsors of comparable wrap fee programs.

Depending upon the percentage wrap-fee charged by the Registrant, the amount of portfolio activity in the client's account, and the value of custodial and other services provided, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately by another investment adviser

- C. The Program's wrap fee does not include certain charges and administrative fees, including, but not limited to, fees charged by Independent Managers, transaction charges (including mark-ups and mark-downs) resulting from trades effected through or with a broker-dealer other than Pershing, transfer taxes, odd lot differentials, exchange fees, interest charges, American Depository Receipt agency processing fees, and any charges, taxes or other fees mandated by any federal, state or other applicable law or otherwise agreed to with regard to client accounts. Such fees and expenses are in addition to the Program fee.
- D. Registrant's related persons who recommend the CJM Asset Management Wrap Fee Program to clients do not directly receive compensation as a result of a client's participation in the wrap fee program. However, certain of the Registrant's equity owners receive the benefits indirectly.

## **Item 5 Account Requirements and Types of Clients**

The Registrant's clients generally include individuals, high net worth individuals, pension and profit sharing plans, business entities, trusts, estates, and charitable organizations.

## **Item 6 Portfolio Manager Selection and Evaluation**

- A. The Registrant may allocate a portion of a client's Program assets among Program managers in accordance with the client's designated investment objective(s). In such situations, the Program managers have the day-to-day responsibility for the active discretionary management of the allocated Program assets. The Registrant will continue to monitor the client's account and its asset allocation and compare them to the client's investment objectives. Factors which the Registrant considers in recommending Program managers include the client's designated investment objectives, and the manager's management style, performance, reputation, financial strength, reporting, pricing, and research.
- B. As the Program sponsor, the Registrant shall be responsible for the primary management of the Program. Clients should review the section on "Program Fees" in Item 4 above for information about the conflicts of interest in the Program relating to fees.
- C. As discussed below, the Registrant also offers discretionary and non-discretionary investment advisory services to its clients. To the extent specifically requested by a client, Registrant also offers financial planning and related consulting services.

## **OTHER ADVISORY BUSINESS SERVICES**

### **RETIREMENT PLAN CONSULTING SERVICES**

The Registrant also provides non-discretionary retirement plan/pension consulting services, pursuant to which it assists sponsors of self-directed retirement plans with the selection and/or monitoring of investment alternatives (generally open-end mutual funds) from which plan participants shall choose in self-directing the investments for their individual plan retirement accounts. In addition, to the extent requested by the plan sponsor, the Registrant shall also provide participant education designed to assist participants in identifying the appropriate investment strategy for their retirement plan accounts. The terms and conditions of the engagement shall generally be set forth in a Retirement Plan Consulting Agreement between the Registrant and the plan sponsor. Registrant's non-negotiable annual fee for these services is equal to 0.50% of the value of plan's assets.

### **FINANCIAL PLANNING AND CONSULTING SERVICES**

To the extent requested by a client, the Registrant may determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone fee basis. Registrant's planning and consulting fees are negotiable, but generally range from \$2,000 to \$10,000 on a fixed fee basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s). Prior to engaging the Registrant to provide planning or consulting services, clients are generally required to enter into a Financial Planning and Consulting Agreement with Registrant setting forth the terms and

conditions of the engagement. If requested by the client, Registrant may recommend the services of other professionals for implementation purposes. The client is under no obligation to engage the services of any recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Registrant. If the client engages any recommended professional, and a dispute arises, the client agrees to seek recourse exclusively from and against the engaged professional. Clients are responsible for promptly notifying the Registrant if there is ever any change in their financial situation or investment objectives so that the Registrant can review, and if necessary, revise its previous recommendations or services.

#### **Variable Annuity Management**

The client may also engage Registrant to provide discretionary/non-discretionary investment advisory services to clients. Under this service, Registrant allocates client investment assets on a discretionary/non-discretionary basis among the investment sub accounts of variable annuity products previously purchased by the client. The Registrant generally proposes allocations to individual equity and fixed income investments, exchange traded funds, and mutual funds, consistent with the client's designated objectives. Once allocated, Registrant provides ongoing monitoring and review of sub account performance, asset allocation, and client investment objectives. The Registrant includes the variable product assets as part of "assets under management" for the purposes of calculating its annual advisory fee. There can be no assurance or guarantee that the Registrant's market decisions will be correct or profitable.

Registrant may provide discretionary/non-discretionary variable annuity advisory services pursuant to which it assists clients with the selection and/or monitoring of sub account investment alternatives. Registrant's non-negotiable annual fee for these services is equal to 0.75% of the variable annuity sub account value. Program fees are generally charged to a separate managed investment management account maintained by the client, or the client may be invoiced directly.

None of registrant's representatives is a registered representative or earns a commission in association with the sale of a variable annuity.

#### **MISCELLANEOUS ADVISORY SERVICES DISCLOSURES**

**Limitations of Financial Planning and Non-Investment Consulting/Implementation Services.** As indicated above, to the extent requested by a client, Registrant may provide financial planning and related consulting services regarding non-investment related matters, such as estate, tax, and insurance planning. Registrant does not serve as an attorney, accountant, or insurance agency, and no portion of its services should be construed as legal, accounting services, or insurance implementation services. Accordingly, Registrant does not prepare estate planning documents, tax returns or sell insurance products. To the extent requested by a client, Registrant may recommend the services of other professionals for certain non-investment implementation purpose (i.e. attorneys, accountants, insurance agents, etc.). Clients are under no obligation to engage the services of any recommended professional. The client retains absolute discretion over all implementation decisions and is free to accept or reject any recommendation that we make. If the client engages any unaffiliated recommended professional, and a dispute arises, the client agrees to seek recourse exclusively from the engaged professional.

**Retirement Plan Rollovers:** A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If the Registrant recommends that a client roll over their retirement plan assets into an account to be managed by the Registrant, such a recommendation creates a conflict of interest if the Registrant will earn an advisory fee on the rolled over assets. No client is under any obligation to roll over retirement plan assets to an account managed by Registrant.

**Independent Managers.** Registrant may allocate (and/or recommend that the client allocate) a portion of a client's investment assets among unaffiliated independent investment managers ("Independent Manager(s)") in accordance with the client's designated investment objective(s). In such situations, the Independent Manager(s) will have day-to-day responsibility for the active discretionary management of the allocated assets. Registrant will continue to render investment supervisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. The Registrant generally considers the following factors when recommending Independent Manager(s): the client's designated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research. **The fee charged by the Independent Manager(s) is separate from, and in addition to, Registrant's advisory fee and will be disclosed to the client before entering into the Independent Manager engagement and/or subject to the terms and conditions of a separate agreement between the client and the Independent Manager(s).**

**Unaffiliated Private Investment Funds.** Registrant may provide investment advice regarding unaffiliated private investment funds. Registrant, on a non-discretionary basis, may also recommend that certain qualified clients consider an investment in unaffiliated private investment funds. Registrant's role relative to the private investment funds shall be limited to its initial and ongoing due diligence and investment monitoring services. If a client determines to become a private fund investor, the amount of assets invested in the fund(s) shall be included as part of "assets under management" for purposes of Registrant calculating its investment advisory fee. Registrant's clients are under absolutely no obligation to consider or make an investment in a private investment fund(s).

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

In valuing the assets of any private investment fund, the Registrant relies on the most recent valuations provided by the fund sponsors. When a fund sponsor or underlying investment has not provided any updated valuations, the Registrant will use the purchase price as the value of the investment. The current value of a private investment fund could be

significantly more or less than the original purchase price or the price reflected in any client report. **The Registrant's Chief Compliance Officer, Tracey A. Baker, CFP®, remains available to address any questions that a client or prospective client may have regarding private investment funds.**

**Use of Mutual Funds:** While the Registrant may recommend allocating investment assets to mutual funds that are not available directly to the public, the Registrant may also recommend that clients allocate investment assets to publicly-available mutual funds that the client could obtain without engaging Registrant as an investment adviser. However, if a client or prospective client determines to allocate investment assets to publicly-available mutual funds without engaging Registrant as an investment adviser, the client or prospective client would not receive the benefit of Registrant's initial and ongoing investment advisory services.

**Non-Discretionary Service Limitations.** Clients that determine to engage Registrant on a non-discretionary investment advisory basis **must be willing to accept** that Registrant cannot effect any account transactions without obtaining prior consent to such transaction(s) from the client. Thus, in the event that Registrant would like to make a transaction for a client's account (including in the event of an individual holding or general market correction), and the client is unavailable, the Registrant will be unable to effect the account transaction(s) (as it would for its discretionary clients) without first obtaining the client's consent.

**Client Obligations.** The Registrant will not be required to verify any information received from the client or from the client's other professionals and is expressly authorized to rely on the information in its possession. Clients are responsible for promptly notifying the Registrant if there is ever any change in their financial situation or investment objectives so that the Registrant can review, and if necessary, revise its previous recommendations or services.

#### **PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Neither the Registrant nor any supervised person of the Registrant accepts performance-based fees.

#### **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

The Registrant shall utilize the following methods of security analysis:

- **Fundamental** - (analysis performed on historical and present data, with the goal of making financial forecasts)
- **Technical** – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)

The Registrant shall utilize the following investment strategies when implementing investment advice given to clients:

- **Long Term Purchases** (securities held at least a year)
- **Short Term Purchases** (securities sold within a year)

**Investment Risk.** Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by the Registrant) will be profitable or equal any specific performance level(s).



The Registrant's methods of analysis and investment strategies do not present any significant or unusual risks. However, every method of analysis has its own inherent risks. To perform an accurate market analysis, the Registrant must have access to current/new market information. The Registrant has no control over the dissemination rate of market information; therefore, unbeknownst to the Registrant, certain analyses may be compiled with outdated market information, severely limiting the value of the Registrant's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

The Registrant's primary investment strategies - Long Term Purchases and Short Term Purchases - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy.

- B. Currently, the Registrant primarily recommends that client allocate client investment assets among various individual equities, mutual funds and/or exchange traded funds, on a discretionary and non-discretionary basis in accordance with the client's designated investment objective(s). In limited circumstances when consistent with the client's investment objectives, Registrant may recommend allocating client assets among various unaffiliated private investment funds (see above for a description of associated risk factors).

#### **VOTING CLIENT SECURITIES**

The Registrant does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.

Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact the Registrant to discuss any questions they may have with a particular solicitation.

### **Item 7            Client Information Provided to Portfolio Managers**

The Registrant shall be the Program's portfolio manager. The Registrant shall provide investment advisory services specific to needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, the Registrant shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at any time, impose reasonable restrictions, in writing, on the Registrant's services.

As indicated above, clients are responsible for promptly notifying the Registrant if there is ever any change in their financial situation or investment objectives so that the Registrant can review, and if necessary, revise its previous recommendations or services.

## **Item 8            Client Contact with Portfolio Managers**

The client shall have, without restriction, reasonable access to the Program's portfolio manager.

## **Item 9            Additional Information**

- A. The Registrant has not been the subject of any disciplinary actions.

### **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

The Registrant does not have any relationship or arrangement that is material to its advisory business or to its clients with any related person.

#### **B. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

The Registrant maintains an investment policy relative to personal securities transactions. This investment policy is part of Registrant's overall Code of Ethics, which serves to establish a standard of business conduct for all of Registrant's representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, the Registrant also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the Registrant or any person associated with the Registrant.

Neither the Registrant nor any related person of Registrant recommends, buys, or sells for client accounts, securities in which the Registrant or any related person of Registrant has a material financial interest.

The Registrant and/or representatives of the Registrant may buy or sell securities that are also recommended to clients. This practice may create a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if the Registrant did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed prior to those of the Registrant's clients) and other potentially abusive practices.

The Registrant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Registrant's "Access Persons". The Registrant's securities transaction policy requires that an Access Person of the Registrant must provide the Chief Compliance Officer or a designee with a written report

of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or a designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date the Registrant selects.

The Registrant and/or representatives of the Registrant may buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above, the Registrant has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Registrant's Access Persons.

### **REVIEW OF ACCOUNTS**

For those clients to whom Registrant provides investment supervisory services, account reviews are conducted on an ongoing basis by the Registrant's Principals and/or representatives. All investment supervisory clients are advised that it remains their responsibility to advise the Registrant of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with the Registrant on an annual basis. The Registrant may conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

### **CLIENT REFERRALS AND OTHER COMPENSATION**

As referenced in Item 12 of the Brochure, the Registrant may receive economic benefits from Pershing. Clients should review the disclosures in Item 12 of the Brochure carefully. Registrant does not compensate, directly or indirectly, any person, other than its representatives, for client referrals.

### **FINANCIAL INFORMATION**

The Registrant does not solicit fees of more than \$1,200, per client, six months or more in advance. The Registrant is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts. The Registrant has not been the subject of a bankruptcy petition.

**ANY QUESTIONS: The Registrant's Chief Compliance Officer, Tracey A. Baker, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**