



# **JSF FINANCIAL**

**Part 2A Appendix 1 of Form ADV:  
*JSF Wrap Fee Program Brochure***

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**This wrap fee program brochure provides information about the qualifications and business practices of JSF Financial LLC, a registered investment adviser. If you have any questions about the contents of this brochure, please contact us at (323) 866-0833. 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. Registration does not imply a certain level of skill or training.**

**Additional information about JSF Financial LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for JSF Financial LLC is 114025.**

## ITEM 2. MATERIAL CHANGES

This Firm Brochure, dated March 30, 2021, provides you with a summary of JSF Financial LLC's Wrap Fee advisory services and fees, professionals, certain business practices and policies, as well as actual or potential conflicts of interest, among other things. This Item is used to provide our clients with a summary of new and/or updated information; we will inform of the revision(s) based on the nature of the information as follows.

1. Annual Update: We are required to update certain information at least annually, within 90 days of our firm's fiscal year end (FYE) of December 31. We will provide you with either a summary of the revised information with an offer to deliver the full revised Brochure within 120 days of our FYE or we will provide you with our revised Brochure that will include a summary of those changes in this Item.
2. Material Changes: Should a material change in our operations occur, depending on its nature we will promptly communicate this change to clients (and it will be summarized in this Item). "Material changes" requiring prompt notification will include changes of ownership or control; location; disciplinary proceedings; significant changes to our advisory services or advisory affiliates – any information that is critical to a client's full understanding of who we are, how to find us, and how we do business.

Since the last update of our brochure on March 30, 2020, the following are the material changes to this brochure:

Item 4, Services, Fees and Compensation- We updated: (i) the description of the JSF asset allocation models in the Model Portfolio Management program, (ii) the description of the Ancillary Services that JSF provides to include a description of our arrangement with a third party outside consultant for government lending and assistance programs for small businesses as well as a description of account aggregation services that are available through JSF's portfolio management software, (iii) to further explain that JSF can consider alternative fee arrangements and reserves the right to change its fee schedule, (iv) explain how JSF bills on cash positions that are increased due to market conditions, (v) disclosures to explain various considerations and conflicts that arise when a client rolls over retirement plan assets into an IRA, and (vi) our language regarding certain fiduciary responsibilities when providing advice to ERISA plans.

Item 5- Account Requirements and Types of Clients- We updated (i) to clarify that the minimum account size for advisory services is now generally \$250,000, and (ii) we updated our language regarding certain fiduciary responsibilities when providing advice to ERISA plans.

Item 6, Portfolio Manager Selection and Evaluation- We updated description regarding the Risk of Loss.

Item 9, Additional Information, Other Financial Industry Activities and Affiliations-

We (i) provided updated disclosures regarding our unaffiliated relationships, (ii) added updated information about how our advisers are compensated and the conflicts that arise from these compensation arrangements.

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## ITEM 4. SERVICES, FEES AND COMPENSATION

### Investment Advisory Services

JSF Financial LLC ("JSF") is the sponsor and investment adviser of the JSF Wrap Program ("Wrap Program"). The Wrap Program is a "wrap fee" program which provides the client with advisory and brokerage execution services plus account reporting and custodial services, for one all-inclusive fee. JSF serves as the Wrap Program's sponsor as well as the Wrap Program's investment adviser. JSF collects the necessary financial and personal data, including investment goals, from the client, to assist the client in determining the suitability of the account. Please note that JSF no longer opens new Wrap Program accounts for clients.

Our firm provides the client with an asset allocation strategy developed through personal discussions in which goals and objectives based on the client's particular circumstances are established. This asset allocation strategy is drafted into the client's recommended portfolio. JSF provides continuous and regular investment advice, supervisory and management services with respect to the account, based on the client's goals and objectives.

During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, liquidity needs, and unique circumstances. As appropriate, we also review and discuss a client's prior investment history, as well as family composition and background. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

At least annually, JSF shall communicate with client to determine if there have been any changes to the client's financial circumstances. A client must notify JSF promptly of any material change in the information provided or any other material change in client's financial circumstances or investment objectives that might affect the manner in which the account should be invested.

Clients hire JSF on a discretionary basis. We provide clients who hire JSF for discretionary investment management to allow JSF to have limited discretion to make buy and sell decisions on their behalf based on specific objectives or strategies established between JSF and the client. Discretionary authority is generally granted by the investment advisory agreement that the client signs with JSF.

JSF agrees to use that degree of care, skill, prudence and diligence under the circumstances that a prudent person acting in a fiduciary capacity would use. The account, wherever placed, remains the client's property at all times. The client may make additional deposits into or withdraw funds from the account. By signing the Investment Management Agreement, client allows JSF to withdraw the quarterly adviser fee directly from the client's account.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the following securities:

- Exchange-listed securities
- Securities traded over-the-counter

- Corporate debt securities (other than commercial paper)
- Certificates of deposit
- Municipal securities
- Open end and closed end mutual fund shares
- United States governmental securities
- Options contracts on securities
- Alternative Investments/Funds
- Interests in partnerships including but not limited to real estate, private equity, hedge funds and venture capital

Clients have the opportunity to place reasonable restrictions on the types of investments they wish to purchase.

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, tax circumstances, liquidity and suitability.

Portfolio positions are selected based on key portfolio indicators of investment style, correlation, risk and reward that are developed based on the client's goals, objectives, strategies and restrictions, as stated in the investment management agreement, published manager information, market and economic environment research. When portfolios are reviewed, dynamic asset allocation is used to adjust the portfolios so that the various styles are closely aligned with current market conditions while maintaining compliance with the client's suitability.

From time to time, JSF will recommend alternative and/or private investments to clients, such as limited partnerships, or limited liability companies, which invest in securities or other private investments, such as feeder funds and fund of funds ("Private Investment Funds"). Such Private Investment Funds can include, but are not limited to hedge funds, real estate funds, private equity funds, and venture capital funds. Depending on the type of fund, the Private Investment Funds invest in various types of securities, including, but not limited to equities, debt instruments, commodities, futures contracts, real estate, and other private funds.

Investing in Private Investment Funds involves various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints, lack of transparency, lack of portfolio investment diversification, and risks associated with the underlying investments. A complete discussion of risks and other important information is set forth in each Private Investment Fund's offering documents, which will be provided to each client for review and consideration prior to investing. Unlike liquid investments, such as publicly traded securities, Private Investment Funds do not provide daily liquidity or pricing and in some cases limit or restrict redemptions. Please refer to Item 8 below for further information on risks.

JSF will only recommend potential investment in a Private Investment Fund to clients that meet the appropriate qualification definition. JSF considers a client's investment objectives, risk tolerances, the size of the client's holdings and cash available for investment. In addition, prior to investment, clients wanting to invest in a Private

Investment Fund will be required by the issuer of the fund to complete a subscription agreement, pursuant to which the client shall confirm that he/she meets the required qualification status for investment in the Private Investment Fund and acknowledges and accepts the various risk factors that are associated with such an investment.

Should a client decide to invest in a Private Investment Fund, we can facilitate the implementation of the transaction when requested. Historically, we have not exercised investment discretion with respect to these types of investments and have not provided on-going management of the investment. Currently, we offer to perform on-going management of certain Private Investment Funds that we recommend for investment. When making recommendations, JSF will notify the client whether or not we will provide management services on the Private Fund Investment. Should a client agree to invest in such a fund and have us manage the investment, the amount invested will be included in a client's account value thereafter for advisory fee billing purposes. Clients are not required to invest in any Private Investment Fund recommended by JSF.

There are times when one or more employees invest in Private Investment Funds or other alternative investments recommended to clients. This creates a potential conflict of interest. Please refer to Item 9 for further information, including how JSF addresses the conflict.

We reserve the right to offer advice on any investment product that we believe is suitable for each client's specific circumstances, needs, goals and objectives. Clients have the opportunity to place reasonable restrictions on the types of investments they wish to purchase. Clients retain individual ownership of all securities. Clients must notify JSF promptly of any material change in financial circumstances or investment objectives which might affect the manner in which accounts should be invested.

### **Asset Allocation Model Portfolios**

Our firm also provides portfolio management services to clients using model asset allocation portfolios. Each model portfolio is designed to offer a strategic asset allocation solution which meets a particular investment goal, mainly utilizing mutual funds and ETFs.

Model allocation portfolios are designed to offer investment options that fit the desired risk profile and objectives of the client. Growth oriented model allocation portfolios are intended to allocate capital along the risk tolerance spectrum from ultra-conservative to aggressive. The desired risk level is achieved by controlling the allocation to the various major asset classes - cash and cash equivalents, fixed income, equities, alternatives and other asset classes. The actual allocation varies in each model allocation portfolio. There are two additional model allocation portfolios for income-oriented investing; one tailored for taxable accounts and one tailored for non-taxable accounts. The primary objective of the income model allocation portfolios is to generate income while maintaining a certain risk level necessary for modest growth.

We manage these advisory accounts on a discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as risk tolerance and tax considerations.

Through personal discussions with the client in which the client's investment goals and objectives are established, we determine the model allocation portfolio that is suitable to

the client's circumstances. Once we determine the suitable model allocation portfolio for a client, the selected portfolio is managed based on the model portfolio's asset allocation targets and any reasonable restrictions requested by the client.

JSF will only recommend/implement model portfolios for clients when determined suitable and consistent with the client's stated investment objectives, tolerance for risk, liquidity needs, and any stated restrictions. To ensure that our initial determination of an appropriate model portfolio remains suitable and that a client's account continues to be managed in a manner consistent with the client's overall goals and objectives, we will:

1. At least annually, contact each participating client to determine whether there have been any changes in the client's financial situation or investment objectives, and whether the client wishes to impose investment restrictions or modify existing restrictions;
2. Be reasonably available to consult with the client; and
3. Maintain client suitability information in each client's file.

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

### **Brokerage and Custodial Services**

JSF will not have physical custody of the assets in the Account. Custody of the Account will be maintained with the qualified custodian, National Financial Services ("NFS"). JSF will arrange for the custody of assets for client, and will generally absorb related custodial fees, unless otherwise directed or agreed upon by the client.

The Custodian will send to the client, at least quarterly, a statement showing all transactions during the period covered by the account statement, and the funds, securities and other property at the end of the period.

### **Ancillary Services**

JSF provides educational seminars for our clients. These seminars include, but are not limited to, presentations on current events, economic trends and cycles, market activity, investment fundamentals, financial planning strategies, college or retirement planning or non-investment related topics. No fees are charged to attend these seminars. JSF also provides to clients ongoing newsletters which focus on various market events and planning strategies. Our newsletters do not focus on the needs of any specific individual. Newsletters are provided to clients free of charge.

JSF has an arrangement with an outside third-party consultant to provide consulting services surrounding government lending and assistance programs. He has helped our clients through education seminars and one on one discussions to help determine their PPP eligibility, potential for loan forgiveness and insight into other small business relief programs. For larger consulting projects, clients are free to hire this consultant directly.

**Account Aggregation.** In conjunction with the firm's portfolio management software provided by Orion, JSF offers aggregation of outside assets/accounts held by a client



and will provide periodic comprehensive reporting services which incorporate all of the client's investment assets including those investment assets that are not part of the assets being managed by JSF. JSF's service related to outside assets is limited to the reporting service only and does not include discretionary investment management of the outside assets. JSF does not have trading authority over the outside assets and as such the client is exclusively responsible for directing and implementing any recommendations JSF provides in the course of our financial planning or investment management relationship related to outside assets. Furthermore, JSF shall not be responsible for any implementation error (trading, etc.) that occur related to any outside assets. In the event the client desires that JSF provide investment management services on any of the outside assets, the client will do so under the terms and conditions of JSF's Investment Management Agreement.

## Fees

Our current annualized fee for Investment Supervisory Services generally begins at 1.10% of the value of assets under management.

Based on the size of the client's account, the make-up of the client's portfolio, overall service requirements as well as the complexity of the client's financial situation, negotiable fee schedules include the following arrangements:

1. A set asset-based fee of a negotiated percentage
2. A pro-rated/tiered fee in respect of specific assets
3. 

<u>Assets Under Management</u>	<u>Annual Fee</u>
On assets up to \$3,000,000	1.10%
On assets in excess of \$3,000,000 but less than \$5,000,000	1.00%
On assets in excess of \$5,000,000	.90%

Any of the above fee arrangements can also include a separately defined fee in respect of specifically designated assets within a larger account. A minimum account size of \$250,000 of assets under management is generally required for this service. This account size is negotiable on a case-by-case basis. JSF can group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee. At its discretion, JSF can consider a client's request for an alternative fee arrangement. In addition, JSF reserves the right to change its fee schedule for all clients or selected clients and under certain circumstances, the fee schedule can be waived.

The initial fee is generally based on the initial deposit into the client's account, including cash, cash equivalents, and accrued interest. When a client engages JSF mid-quarter, the initial fee will be prorated to the end of the calendar quarter. Fees on individual deposits of cash or securities equal to or greater than \$50,000 made during the quarter will be prorated to the end of the calendar quarter. Thereafter, the fee will be payable quarterly in advance at the beginning of the quarter and is based on the market value of the account at the end of the quarter which includes cash and cash equivalents, and

accrued interest and dividends. For accounts with margin, the fee will be calculated using the full market value of securities. The fee will equal the rate multiplied by the market value of the account at the end of the quarter, which is then divided by 365 days (or 366 in any leap year) and multiplied by the number of days in the quarter. We deduct the fees directly from a client's account, unless the client requests otherwise. In the course of managing investments for clients, JSF may choose to take a defensive position and increase cash positions based upon perceived or anticipated market conditions. All cash positions (money markets, etc.) are included as part of assets under management for purposes of calculating the firm's advisory fees.

If an investment advisory agreement is terminated, the client will receive a pro rata refund representing the period of time from the date of termination until the end of the quarter. No refunds will be made due to a partial withdrawal of funds from the account by the client.

*Limited Negotiability of Advisory Fees:* Although JSF has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets, related accounts, portfolio style, account composition, reports, among other factors. The specific annual fee schedule is identified in the contract between the adviser and each client.

Discounts, not generally available to our advisory clients, are offered to family members and friends of associated persons of our firm.

### ***Other Fees***

In addition to the Program Fee, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any brokerage commissions, transaction charges imposed by a broker dealer, clearing and custodial fees, transfer fees and other fees and taxes on brokerage accounts and securities transactions. Due to the timing of execution of securities transactions, it is possible that two clients invested in the identical security will pay different transaction fees. The client should consider that, depending upon the level of the Program Fee charged, the amount of portfolio activity in the client's account, the value of services that are provided under the program, and other factors, the Program Fee may or may not exceed the aggregate cost of such services if they were to be provided separately.

Certain employees providing investment advice on behalf of JSF are also licensed independent insurance agents. These employees will earn commission-based compensation for selling insurance products, including insurance products they sell to a JSF client. Insurance commissions earned by these employees are separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents have an incentive to recommend insurance products to a client for the purpose of generating commissions rather than solely based on the client's needs. However, a client is under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm. In addition, JSF is a fiduciary and as such will only provide recommendations believed to be in the best interest of clients.

Neither JSF nor any JSF investment adviser representative receives any compensation,

including 12b-1 fees from any mutual funds invested in by JSF advisory clients. However, JSF investment adviser representatives are also registered securities representatives of Mid Atlantic Capital Corporation, ("Mid Atlantic") a registered broker-dealer and member of the Financial Industry Regulatory Authority ("FINRA"). As such, they recommend to brokerage clients, certain types of investment products that include, but are not limited to, mutual funds. When a brokerage client invests in such mutual funds in their brokerage account at Mid-Atlantic Capital, the JSF representative, in his/her role as a Mid-Atlantic Capital registered representative, receives commissions, 12b-1 fees, and/or other sales-based compensation, which are normally received for such investments. Clients are under no obligation to purchase recommended products or to purchase the products either from any associated person or through Mid Atlantic. The compensation received by our advisory representatives from outside business activities is outlined in their Form ADV Part 2B – Disclosure Supplement, which is provided to all new clients. A copy can be obtained by contacting us directly.

*Securities Backed Line of Credit.* For certain clients, JSF will recommend and can facilitate the establishment of Securities Backed Line of Credit (SBLOC) / Non-Purpose Loans through a third-party bank. An SBLOC is a bank line of credit collateralized by the assets of the managed account. An SBLOC enables clients to access non-purpose credit that is secured by that client's brokerage and/or advisory portfolio. The maximum amount of the credit given depends on the lending value of the portfolio. Securities Backed Lending creates additional risks for managed account clients including, but not limited to being subject to a collateral call due to a drop in the account's value attributable to downward market movement, market volatility and credit exposure. All these can lead to collateral shortfalls and may cause the bank which has extended the credit, to ask the managed account client for additional collateral or can cause the liquidation of existing collateral to satisfy the collateral shortfall. Such a circumstance can result in the failure to reach investment goals. Any securities-based lending fees and interest are separate and in addition to any fees paid pursuant to the JSF investment management agreement. These types of loans are not suitable for all investors and carry a number of other risks (please refer to Item 8 below for further details on risks). Clients should not obtain such a loan or line of credit without fully understanding the benefits and risks.

There also is a conflict of interest between JSF and a client implementing a SBLOC, mainly due to the fact that the proceeds a client receives from an SBLOC can be used in place of the client having to withdraw assets from their account managed by the Firm. Therefore, the Firm continues to receive fees on the securities in the account even though they are used as collateral. To address this conflict, JSF provides disclosures to clients, mainly through delivery of this Form ADV Part 2A, and has implemented policies and procedures to help ensure that all recommendations being provided to clients are suitable and the clients are aware of all material risks and conflicts. For further information about these types of loans, please refer to the Investor Bulletin issued by the SEC at <https://www.sec.gov/oiea/investor-alerts-bulletins/sbloc.html>.

*Margin Loans.* For certain clients, JSF will recommend and can facilitate the establishment of margin loans through Fidelity or National Financial Services ("NFS"). Fidelity and NFS can loan a client money against the value of certain stocks, bonds and mutual funds in your portfolio. That borrowed money is called a margin loan and can be used to purchase additional securities or to meet short-term financial needs. Margin

loans are not available in retirement or custodial accounts. There's no set repayment schedule with a margin loan—monthly interest charges accrue to the account, and principal may be re-paid at the borrower's convenience. Margin can be profitable when stocks increase in value. However, the magnifying effect works the other way as well. The marginable investments in the portfolio provide the collateral for the margin loan. While the value of that collateral fluctuates according to the market, the amount borrowed stays the same. If the value of the stocks decline to the point where they no longer meet the minimum equity requirements, there will be a margin call. When this happens, the custodian will ask that more cash or marginable securities be deposited into the account to meet the minimum equity requirement or it may sell securities in the account as needed. Please remember that margin loans increase the accounts level of market risk and Fidelity or NFS may initiate the sale of any security in the account without contacting the account owner to meet the margin call. Account owners are not entitled to an extension of time on a margin call. JSF charges advisory fees on total value of assets managed, including the outstanding margin balance. While a negative amount may show on a client's statement for the margined security as the result of a lower net market value, the amount of the fee is based on the absolute market value. This could create a conflict of interest where we may have an incentive to encourage the use of margin to create a higher market value and therefore receive a higher fee. To address this conflict, JSF provides disclosures to clients, mainly through delivery of this Form ADV Part 2A, and has implemented policies and procedures to help ensure that all recommendations being provided to clients are suitable and the clients are aware of all material risks and conflicts. For further information about these types of loans, please refer to the Investor Bulletin issued by the SEC at [https://www.sec.gov/oiea/investor-alerts-and-bulletins/ib\\_marginaccount](https://www.sec.gov/oiea/investor-alerts-and-bulletins/ib_marginaccount).

*Grandfathering of Minimum Account and Advisory Fee Requirements:* Pre-existing advisory clients are subject to JSF's minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements and fee schedule will differ among clients.

*Mutual Fund and ETF Fees:* JSF invests in mutual funds, including open-end funds, closed-end funds (mainly interval funds) and ETFs in client portfolios. Each mutual fund charges fees to shareholders, which are described in their respective prospectus and usually include a management fee, administrative and operations fees, and certain distribution (e.g., 12b-1 fees) and/or redemption fees. These fees are generally referred to as a fund's "expense ratio" and the fees are deducted at the mutual fund level when calculating the fund's net asset value ("NAV") and have a direct bearing on the fund's performance. Certain mutual funds also charge an up-front or back-end sales charge. In addition, some open-end mutual funds offer different share classes of the same fund and one share-class can have a higher expense ratio than another share class. The most economical share class will depend on certain factors, including the amount of time the shares are held by a client and the amount a client will be investing. Also, closed-end interval funds usually don't have 12b-1 distribution fees, but they do charge redemption fees for each redemption made by a shareholder. Mutual fund expense ratios vary by mutual fund, so it is important to read the mutual fund prospectus to fully understand all the fees charged. The fees charged by mutual funds are in addition to the advisory fees charged by JSF and other third-party fees.

JSF will strive to purchase, when available, the lowest cost mutual fund share class for

clients. In addition, for new clients that hold any mutual funds upon account opening, JSF will determine whether such mutual fund remains suitable for the client's current objective and if we believe it is, then we will check to see if a lower cost share class is available and transfer the client's mutual fund holding into such share class. However, there have been times in the past, and can be in the future, when JSF does not have access to lower cost share classes. This mainly happens when the client's custodian does not offer a lower cost share class for some or all of the mutual funds bought for and/or held in clients' accounts, or the investment amount does not meet the share class minimum investment requirement.

The fees charged to a client's account lowers the overall performance of the account. Therefore, clients should review all applicable direct and indirect fees charged, including but not limited to custodian fees, fees associated with investments (e.g., mutual funds and ETFs), and advisory fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives.

In some cases, there fees are charged which are a result of brokered trading activity by associated personnel of JSF that is outside of the constructs of the wrap program and are thus not included in the advisory fee. These trades are generally at the request of the client and the fees vary in size depending on the nature of the client's requests.

A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives.

Upon termination of accounts held at the Custodian, the Custodian delivers securities and funds held in the account as instructed by Client, unless Client requests that the account be liquidated. After the Agreement has been terminated, transactions are processed at the prevailing brokerage rates. Client becomes responsible for monitoring their own assets and JSF has no further obligation to act or provide advice with respect to those assets.

*ERISA Accounts:* JSF is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, JSF Financial LLC can only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which our firm and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset JSF Financial LLC's advisory fees.

*IRA Rollover Considerations:* As part of our investment advisory services, investment

adviser representatives can make recommendations to plan participants regarding the rollover of employer sponsored retirement plan assets. In the case where an investment adviser representative recommends a retirement plan rollover into an advisory account, the investment adviser representatives will earn a portion of the advisory fee. This presents a conflict of interest because representatives have an economic incentive to recommend that a client roll over retirement plan assets into an advisory account. Plan participants are under no obligation to rollover retirement plan assets to an IRA with JSF and should carefully consider all relevant factors, such as penalty-free withdrawals, whether loans are permitted, legal protections, required minimum distributions, fees and expenses, service levels, available investment options, employer stock considerations and state taxes. JSF requires a client to review and sign a disclosure document, which discloses important information and considerations in connection with the rollover.

## **General Disclosures**

The program fees plus applicable provider fees may be more or less than the cost of purchasing the same services separately or from a different source. The factors to be considered by clients in determining the reasonableness of the fees charged include but are not be limited to the following:

- Transaction costs and/or other miscellaneous fees and taxes and/or charges as well as commissions or markups and markdowns or “spreads” on the purchase and/or sale of securities.
- The cost of producing a quarterly performance report covering the managed assets, the portfolios and the cost of obtaining tax lot statements with accruals, and both realized and unrealized gains and losses.
- The value of the consulting service provided by JSF in designing and then monitoring the client’s managed assets and helping the client periodically determine the mix of accounts for the managed assets as well as the suitability of the portfolio securities and any third-party advisers.
- The cost of investment advice provided by JSF through the Wrap Program.

The associated person of JSF recommending the Wrap Program to the client receives compensation as a result of the client’s participation in their respective program. The amount of this compensation can be more than what the associated person of JSF would receive if the client participated in other JSF programs or paid separately for investment advice, brokerage, and other services. The associated person of JSF therefore has a financial incentive to recommend the Wrap Program over other programs and services. A client is under no obligation to participate in the Wrap Program.

## **ITEM 5. ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS**

The minimum account size for JSF investment advisory services in the JSF Wrap Program is generally \$250,000, subject to discretion. This account size is negotiable on a case-by-case basis. JSF can group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

JSF offers this program to individuals, provided they meet the minimum investment

requirements and the investment strategy, and the Wrap Program meets their needs. The individuals who open Wrap Program accounts can have accounts titled as trusts, part of a pension or profit-sharing plan for a business, IRAs or can have a corporate or business account participate in the program. Please note: JSF no longer offers new Wrap Program accounts to clients.

If a client's account is a pension or other employee benefit plan governed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), JSF Financial will be a fiduciary to the plan. In providing our investment management services, the sole standard of care imposed upon us is to act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. JSF Financial will provide certain required disclosures to the "responsible plan fiduciary" (as such term is defined in ERISA) in accordance with Section 408(b)(2), regarding the services we provide and the direct and indirect compensation we receive by such clients. Generally, these disclosures are contained in this Form ADV Part 2A, the Client Agreement and/or in separate ERISA disclosure documents and are designed to enable the ERISA plan's fiduciary to: (1) determine the reasonableness of all compensation received by us; (2) identify any potential conflicts of interests; and (3) satisfy reporting and disclosure requirements to plan participants.

## **ITEM 6. PORTFOLIO MANAGER SELECTION AND EVALUATION**

The JSF Wrap Program does not utilize outside portfolio managers to manage program accounts. All program accounts are managed solely by supervised JSF personnel. Our investment mandate is to understand the needs, priorities and goals of each client and to develop customized investment guidelines and asset allocations.

For a detailed description of services provided under the Wrap Program, please refer to *Item 4- Service, Fees and Compensation*.

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

JSF does not charge performance-based fees.

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

#### **1. Methods of Analysis**

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

**Asset Allocation.** Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of equities, fixed income, alternatives and cash suitable to the client's investment goals and risk tolerance.

A risk of asset allocation is that the client does not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of equities, fixed income, alternatives and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

**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 is be a good time to buy) or overpriced (indicating it is time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as 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 stock.

**Mutual Fund, Interval Fund and/or 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 invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in other fund(s) in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A 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 will not necessarily 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 the client can purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager can deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

We also review any Interval Funds that we recommend to clients. Interval funds can expose investors to liquidity risk, and that risk is greater in funds that invest in securities of companies with smaller market capitalizations, derivatives or securities with substantial market and/or credit risk.

Even though interval funds make periodic offers to repurchase a portion of outstanding shares, clients should consider interval fund shares to be an illiquid investment. There is no guarantee that investors will be able to sell interval fund shares at any given time or in the quantity that they desire.

**Third-Party Money Manager Analysis.** We examine the experience, expertise, investment philosophies, and past performance of independent third-party investment managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the manager'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 manager's compliance and business enterprise risks.

A risk of investing with a third-party manager who has been successful in the past is that he/she will not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a third-party manager's portfolio, there is also a risk that a manager deviates from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as we do not control the manager's daily business and compliance operations, we can be unaware of



the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

**Quantitative Analysis.** We use mathematical models in an attempt to obtain more accurate measurements of a company's quantifiable data, such as the value of a share price or earnings per share, and predict changes to that data. These characteristics help shed light on the expected behavior of the security, and help the analyst determine potentially favorable trades. A risk in using quantitative analysis is that the models used can sometimes be based on assumptions that prove to be incorrect.

**Alternative Investment Analysis.** As outlined in Item 4 above, JSF from time to time provides access to or recommends Private Investment Funds to certain qualified clients. These recommendations are generally made to qualified clients that have indicated an interest in investing in alternative investments and have an overall investment objective for long-term appreciation. JSF will review the investment opportunity and relevant documentation and then determine whether any of our clients' risk tolerance and liquidity needs match up with the potential opportunity.

**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 are alert to indications that data is incorrect, there is always a risk that our analysis can be compromised by inaccurate or misleading information.

## **2. Investment Strategies**

We use the following strategy(ies) in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

**Long-term purchases.** We purchase securities with the idea of holding them in the client's account for a year 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 do not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security can decline sharply in value before we make the decision to sell.

**Short-term purchases.** When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year 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.

**Trading.** We purchase securities with the idea of selling them very quickly (typically within 30 days or less). We do this in an attempt to take advantage of our predictions of brief price swings.

**Margin transactions.** We will purchase stocks for a client's portfolio with money

borrowed from a client's brokerage account. This allows the client to purchase more stock than he or she would be able to with your available cash and allows us to purchase stock without selling other holdings.

**Open Orders.** We place open orders to buy or sell securities that remain in effect until they are either canceled or executed. As market orders are filled instantaneously, open orders occur when we place price restrictions on their buy or sell transactions either for duration determined (Day, GTC) or until executed.

**Option Writing.** We can use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

The two types of options are calls and puts:

- A call gives the holder the right to buy an asset at a certain price within a specific period of time.
- A put gives the holder the right to sell an asset at a certain price within a specific period of time.

We use options in managing certain portfolios. Actions we might take using options are comprised of (but are not limited to):

- Selling a call option on a security we already own ("covered call") as a method to generate additional income and/or an effective way to sell the security
- Selling a put option, secured by cash, as a way to express a bullish opinion on a security without actually buying it
- Buying a call option as a way to express a bullish opinion on a security without actually buying it
- Buying a put option as a way to express a bearish opinion on a security.

In general, buying an option (put or call) limits the potential downside of the position to the price paid to buy that option. Similarly, selling an option (put or call) limits the potential upside of the position to the price received when selling that option.

In certain situations, we also use option spreads, which are a combination of two or more options. Trading in certain options will require a client to open a margin account, which carries risks

### **3. Risk Of Loss**

Securities investments are not guaranteed, and you can lose money on your investments. We ask that our clients work with us to help us understand their tolerance for risk. Investing in securities carries the risk of loss of principle, which an investor must be prepared to bear. Investment recommendations and advice are not legal or accounting advice. Clients should coordinate and discuss the impact of financial advice with their attorney and/or accountant. Clients should inform JSF promptly with respect to any changes to their financial situation and/or investment goals and objectives. Failure

to notify JSF of any such changes could result in investment recommendations which do not meet the needs of the client. The following list of risk factors does not purport to be a complete list or explanation of the risks involved in an investment strategy. Due to the dynamic nature of investments and markets, strategies may be subject to additional and different risk factors not discussed below. All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

**Interest-rate Risk.** Fluctuations in interest rates cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

**Market Risk.** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions can trigger market events.

**Inflation Risk.** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.

**Currency Risk.** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.

**Reinvestment Risk.** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.

**Business Risk.** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.

**Liquidity Risk.** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while Private Investment Funds and Interval Funds are not. Illiquid securities are private securities or assets for which there is no public market. As a result, these securities are often subject to sale restrictions due to securities laws or contractual obligations. In addition, these investments can take several years to mature. During the investment holding period, there may be no cash distributions to the client. Interval funds are considered illiquid due to the fact they are not publicly traded and their special redemption structure. They are not required to provide daily liquidity and only offer to repurchase a certain percentage of outstanding shares at set time periods throughout the calendar year. Shareholders can only redeem at the fund's designated intervals, which are outlined in the fund's prospectus. Importantly, while interval funds make periodic redemption offers, there is no guarantee that all shareholders will be able to sell the amount of shares they want, when they want. In addition, the extent of illiquidity of interval funds can vary depending on the liquidity of their underlying investments

**Options Risk.** Options involve certain costs and risk such as liquidity, interest rate,

market, credit, and the risk that a position could not be closed when most favorable. Selling covered call options can place a limit on upside gains, while selling put options can result in the purchase of a security at a price higher than the current market price.

**Margin Risk.** Some clients maintain margin accounts. Accordingly, we can use margin transactions to implement investment advice given to these clients. Clients are responsible for any brokerage or margin charges in addition to advisory fees. Risks of using margin include “margin calls” (also called “fed calls” or “maintenance calls”). Margin calls occur when account values decrease below minimum maintenance margin levels established by the broker-dealer that holds the securities in the client’s account, requiring the investor to deposit additional money or securities into their margin account. While the use of margin borrowing can increase returns, it can also magnify losses. JSF generally manages accounts on margin only at the client’s request.

**Alternative Investment Risk.** Private investment funds represent speculative investments and involve a high degree of risk. An investor could lose all or a substantial portion of his/her investment. Investors must have the financial ability, sophistication/experience and willingness to bear the risks of an investment in a private investment fund. Any investment in private investment funds should be discretionary capital set aside strictly for speculative purposes. An investment in a private investment fund is not suitable or desirable for all clients. Only qualified eligible client can invest in private investment funds. An investment in a private investment fund is usually illiquid and there can be significant restrictions on transferring interests in a private investment fund.

**Financial Risk.** Excessive borrowing to finance a business’ operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations results in bankruptcy and/or a declining market value.

**Securities Back Line of Credit (SBLOC) Risk.** The main risks surrounding SBLOCs include: (i) failure to perform by the lender due to financial instability, (ii) tax consequences and loss of appreciation due to premature sale of the securities used as collateral, (iii) lack of funds to repay the loan, and (iv) high cost and high interest rate charges.

**Concentration Risk.** Having too much exposure to one type of investment or sector increases the potential for loss due to various factors, including but not limited to liquidity constraints, company financial issues, and market movement.

**Cybersecurity Risk.** With the increased use of technologies such as the Internet to conduct business, a portfolio is susceptible to operational, information security and related risks. In general, cyber incidents can result from deliberate attacks or unintentional events and are not limited to, gaining unauthorized access to digital systems, and misappropriating assets or sensitive information, corrupting data, or causing operational disruption, including the denial-of -service attacks on websites. Cybersecurity failures or breaches by a third-party service provider and the issuers of securities in which the portfolio invests, have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, the inability to transact business, violations of applicable privacy and other laws, regulatory fines, penalties,

reputational damage, reimbursement or other compensation costs, and/or additional compliance costs, including the cost to prevent cyber incidents. JSF has established policies and procedures relative to cybersecurity, has worked closely with our third-party providers including system's vendors to seek to mitigate the risks of cybersecurity breaches, and has implemented controls to prevent breaches to our systems and infrastructure. While these controls are continually reviewed based on our experience to date and technological advancements, the methods and techniques by which unauthorized access is gained is also continually becoming more complex and sophisticated. Therefore, there can be no assurances that the controls JSF has in place will be adequate in protecting client data from either deliberate or inadvertent cyber breaches. Also, there is a risk that JSF would not detect a cybersecurity breach.

***Pandemic Risk.*** The impact of epidemics and pandemics can greatly affect the economies of many nations including the United States, individual companies and the market(s). Pandemics may cause extreme volatility and disruption in both the U.S. and global markets causing uncertainty and risks to economic growth, etc. Health crises caused by the recent coronavirus outbreak may exacerbate other pre-existing political, social and economic risks in certain countries and globally. Also, pandemics may result, as this outbreak of coronavirus has resulted, in closing borders, enhanced health screenings, healthcare service preparation and delivery, quarantines, cancellation of travel, disruptions to supply chains and customer activity, as well as general concern and uncertainty.

### **Voting Client Securities**

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, 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 are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

We can provide clients with consulting assistance regarding proxy issues if they contact us with questions at our principal place of business.

## **ITEM 7. CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS**

As discussed in Item 6, Wrap Accounts are managed solely by JSF supervised persons. Thus, JSF does not provide client information regarding Wrap accounts to outside portfolio managers.

## **ITEM 8. CLIENT CONTACT WITH PORTFOLIO MANAGERS**

As discussed in Item 6, Wrap Accounts are managed solely by JSF supervised persons. Thus, JSF clients who participate in the Wrap Program will not have contact with outside portfolio managers in relation to their Wrap accounts.

## **ITEM 9. ADDITIONAL INFORMATION**

### **Disciplinary Information**

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

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

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

#### **Broker Dealer Licenses**

JSF investment adviser representatives are also registered securities representatives of Mid Atlantic Capital Corporation, ("Mid Atlantic") a registered broker-dealer and member of the Financial Industry Regulatory Authority ("FINRA"). As such, they recommend to brokerage clients, certain types of investment products that include, but are not limited to, mutual funds. When a brokerage client invests in such mutual funds in their brokerage account at Mid-Atlantic Capital, the JSF representative, in his/her role as a Mid-Atlantic Capital registered representative, receives commissions, 12b-1 fees, and/or other sales-based compensation, which are normally received for such investments. Clients are under no obligation to purchase recommended products or to purchase the products either from any associated person or through Mid Atlantic. The compensation received by our advisory representatives from outside business activities is outlined in their Form ADV Part 2B – Disclosure Supplement, which is provided to all new clients. A copy can be obtained by contacting us directly.

#### **Affiliated Private Fund Sponsors**

Jeffrey Fishman, the Managing Member of our firm, is a principal in ALJ Capital Management LLC, an affiliated private fund sponsor. ALJ Capital Management was an investment adviser to several private funds ("ALJ Funds"). In the past, associated persons of JSF, including Mr. Fishman, recommended the advisory services of ALJ Capital Management or ALJ Funds to qualified clients. JSF did not receive any referral fees upon referral of a client by a JSF associated person to ALJ Capital Management and clients were not charged any additional advisory fees by JSF for recommending ALJ Capital Management services or ALJ Funds. However, Jeffrey Fishman, through his affiliation with ALJ Capital Management, will receive management fees for clients who chose to invest in a private investment fund that is managed by ALJ Capital Management. Therefore, conflicts of interests existed in making such recommendations to JSF clients.

Clients received a separate disclosure document that detailed all conflicts of interests between JSF and ALJ Capital Management at the time of the recommendation or introduction. Clients who chose to engage ALJ Capital Management or participate in one of their private investment funds bore the separate fees associated with its services and private investment funds. All fees and conflicts of interests were fully disclosed in ALJ Capital Management's Disclosure Brochure and corresponding offering memorandum(s).

Jeffrey Fishman is member of ALJ Capital Partners, LLC, which serves as the general partner of the ALJ Funds, described above. JSF associated persons previously referred to its qualified clients an opportunity to invest in private investment partnerships or investment limited liability companies including the Funds for which ALJ Capital Partners is a general partner. Each offeree received a copy of the offering documents, which disclosed the relationship between JSF and the investment partnership or company. JSF did not receive any referral fees upon referral of the client by JSF, although Jeffrey Fishman, through his affiliation with ALJ Capital Partners, received performance fees because of clients invested in a fund of which ALJ Capital Partners is the general partner. Clients who invested in the Fund were not charged any additional advisory fees other than the advisory fee allocated to the limited partners of the Fund.

In 2017, ALJ Capital Management elected to liquidate the ALJ Funds, which remain in liquidation mode and no longer accepts new investors. JSF no longer recommends the advisory services of ALJ Capital Management or the ALJ Funds to qualified clients.

#### **Unaffiliated Private Fund Sponsors**

Occasionally, JSF associates introduce a JSF qualified client to one or more sponsors of private investment funds or venture capital funds. It is possible that a private investment fund recommended to the JSF client could be invested in a private fund sponsored by ALJ Capital Partners, LLC (see disclosure above) and/or managed by ALJ Capital Management. If such conflict exists, the JSF associated person will disclose this fact at the time of the introduction.

JSF does not directly receive any compensation for such introductions by any private investment fund, although Jeffrey Fishman, through his affiliation with ALJ Capital Management, will receive management and performance fees should that private investment fund be invested in a fund managed by ALJ Capital Management.

Going forward, JSF will be offering to perform on-going management of certain unaffiliated private investment funds that we recommend for investment. Should a client agree to invest in such a fund and have us manage the investment, the amount invested will be included in a client's account value thereafter for advisory fee billing purposes. Clients are not required to invest in any private investment fund recommended by JSF. These unaffiliated private investment funds are not invested in private funds sponsored by ALJ Capital Partners, LLC (see disclosure above) and/or managed by ALJ Capital Management.

### **Insurance Licenses**

Jeffrey Fishman is the Founder and President of Fishman Capital Corporation, a company engaged in the business of selling fixed annuities, life, and disability insurance. Clients are under no obligation to act upon the recommendations of Mr. Fishman and, if they do so, they are under no obligation to implement any such recommendations through Fishman Capital. If a client decides to buy insurance through Fishman Capital, the client will pay the normal fees and expenses associated with the insurance products. Mr. Fishman will receive compensation in connection with those transactions. Fishman Capital does not assess an investment advisory fee for advice regarding insurance but does have a conflict of interest when providing insurance-related advice, since Mr. Fishman has a financial incentive to recommend insurance products over other forms of investment vehicles.

Certain associated persons of JSF are licensed as independent insurance agents. Clients can choose to engage these persons, in their individual capacities to effect insurance transactions on a commission basis. The recommendations made by a JSF representative that a client purchase an insurance product presents a conflict of interest as the receipt of commissions provides an incentive to recommend various insurance products based on the commissions. No JSF client is under any obligation to purchase any commission products from any JSF representative. Clients can purchase insurance products through any other licensed insurance agent.

### **Unaffiliated Law Firm**

Jeffrey Fishman is licensed to practice law and is of counsel to the Weinreb Law Group, an unaffiliated law firm. To the extent that Mr. Fishman provides legal services to any clients of JSF Financial, all such services shall be performed by the Weinreb Law Group, in its individual professional capacity, independent of JSF Financial, for which services JSF Financial shall not receive any portion of the fees charged by the Weinreb Law Group, referral or otherwise. The Weinreb Law Group is not involved in providing investment advice on behalf of JSF Financial. No client of JSF Financial is under any obligation to use the services of the Weinreb Law Group. Clients are reminded that they can acquire legal services through other, non-affiliated law firms. Mr. Fishman currently receives no compensation from the work done as of counsel with the Weinreb Law Group.

### **Unaffiliated Private Foundation**

Jeffrey Fishman is a member of the board of a private foundation. Although Mr. Fishman is not directly compensated in this position, members of the board are given the discretion to direct a portion of the Foundation's annual grants to charities of their choosing. In order to avoid a conflict of interest, Mr. Fishman will ensure that no grant funds are directed to a charity in which a client of JSF has any involvement.

As required, any affiliated investment advisers are specifically disclosed in Section 7.A. on Schedule D of Form ADV, Part 1. (Part 1 of our Form ADV can be accessed by following the directions provided on the Cover Page of this Firm Brochure.)

Clients should be aware that the receipt of additional compensation by JSF and its management persons or employees creates a conflict of interest that can impair the



objectivity of our firm and these individuals when making advisory recommendations. JSF endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser; we take the following steps to address this conflict:

- we disclose to clients the existence of all material conflicts of interest, including the potential for our firm and our employees to earn compensation from advisory clients in addition to our firm's advisory fees;
- we disclose to clients that they are not obligated to purchase recommended investment products from our employees or affiliated companies;
- we collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- our firm's management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;
- we require that our employees seek prior approval of any outside employment activity so that we can ensure that any conflicts of interests in such activities are properly addressed;
- we periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

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

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.

JSF and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the access persons to obtain prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

JSF's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information should not be

used in a personal or professional capacity.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees 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.

Our firm and/or individuals associated with our firm are allowed to buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) can have an interest or position in a certain security(ies) which is also recommended to a client, including Private Investment Funds. While this creates a conflict of interest, our Code contains certain requirements designed to address the conflicts that arise with regard to employee personal trading.

It is the expressed policy of our firm that our employees deemed to be access persons (as defined in our Code of Ethics) cannot purchase or sell a security, option on a security, or certain designated Exchange Traded Funds ("ETFs") that JSF Financial trades for its clients on the same trading day that the security/option has been sold or purchased in client accounts. However, for such access persons who are invested in a JSF model portfolio, JSF will aggregate the trade with other clients' trades in the same security and place as a "block trade." When this occurs, the participating employee(s) will receive the same price as all the client participating in the block trade. If a partial fill of the trade occurs, the shares will be allocated either pro-rata amongst all accounts, or if that is not possible or deemed to be in the best interest of the clients, then the shares will be allocated to clients first. Employees deemed as access persons must obtain prior approval for any purchases and sales of closed end funds, individual stocks, options on individual stocks, designated Exchange Traded Funds ("ETFs"), initial public offering, and limited private offerings (including Private Investment Funds).

As disclosed in the preceding section of this Brochure related persons of our firm are separately registered as securities representatives of a broker-dealer, investment adviser representatives of another registered investment adviser, and/or licensed as an insurance agent/broker of various insurance companies. A copy of our Code of Ethics is available to our advisory clients and prospective clients upon request by calling us at 323-866-0833.

## **Review of Accounts**

While the underlying securities within the Wrap Program accounts are continually monitored, Client account reviews are conducted at least annually. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews can be triggered by material changes in variables such as the client's individual circumstances, market conditions, political or economic environment. Clients are encouraged to notify JSF Financial of any changes in personal circumstances. Reviewers consist of investment advisers and supervised persons.

*Reports:* In addition to the monthly or quarterly statements and confirmations of transactions that Wrap Program clients receive from the broker-dealer, JSF will generally provide reports at least annually summarizing account performance, balances and holdings.

## **Client Referrals and Other Compensation**

It is JSF's policy not to engage solicitors or to pay related or non-related persons for referring potential clients to our firm.

Periodically, representatives from mutual fund companies who represent funds with whom we place trades for our clients will sponsor client educational seminars and /or meals for our firm personnel. In addition, these individuals, as a result of holding securities licenses as registered representatives of a broker-dealer (previously disclosed above) participate in broker-dealer sponsored events.

JSF's advisers are also licensed and appointed with various insurance companies to offer insurance products. Although JSF does not offer specific product sales incentives for securities products, issuers of non-securities insurance products offer sales incentives to our advisers in the form of trips if certain sales thresholds are met. Please ask the adviser about these incentives at the time of sale.

In addition to normal salaries and compensation package, JSF advisers are eligible to receive an annual bonus that is based on, among other things, bringing in new clients and client retention. They also receive a portion of advisory fees paid by the clients they service and the amount they receive is tied to account asset levels. These payments create a conflict of interest in that there is a financial incentive for the advisers to recommend JSF Financial, select or recommend certain investment advisory programs, services, or products to clients, and encourage clients to add assets to their accounts. However, JSF Financial and its representatives are fiduciaries and will only make recommendations that are suitable for each client based upon the client's investment objectives, risk tolerance, financial situation and needs. To monitor this, we perform regular reviews of each client account to verify that all recommendations made to a client appear suitable to the client's needs and circumstances. Additionally, clients are under no obligation to implement any recommendations made by JSF Financial or any of our representatives and are free at all times, to choose any other investment adviser, investment adviser representative, and/or broker-dealer for implementation. See Items 5 and 10 for additional information.

## **Other Benefits from our Custodian**

Mid Atlantic and NFS make available to us other products and services that benefit JSF but do not directly benefit our clients' accounts. These types of services will help us in managing and administering client accounts, thereby serving the best. These products and services include, but are not limited to: (i) computer software with related system support and other technology that provide access to client account data (i.e. trade confirmations and account statements); (ii) facilitation of trade executions; (iii) providing research, pricing information, and other market data; (iv) facilitate in the payment of our fees from clients' accounts; and (v) assist with back office functions, record keeping, and client reporting. Many of these services are used to service all or a substantial number of our accounts. Mid Atlantic and NFS provide other benefits from time to time, such as client appreciation and educational events, conferences on practice management, regulatory compliance, information technology, and business success. Mid Atlantic and NFS will usually discount or waive fees it would otherwise charge for

these services, or in some cases pay all or a part of the fees of a third party providing these services to JSF.

As part of our fiduciary duty to clients, JSF endeavors at all times to put the interests of our clients first and we place trades for our clients' accounts subject to our duty to seek best execution. Clients should be aware, however, that the receipt of economic benefits by JSF or our related persons in and of itself creates a conflict of interest as it provides an incentive, which can indirectly influence JSF's recommendation of Mid Atlantic and NFS for custody and brokerage services.

We examined this conflict of interest and believe that these relationships are in the best interests of JSF's clients. and satisfies our duty to seek best execution. Notably, a client can pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where we determine in good faith that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, while JSF will seek competitive rates, to the benefit of all clients, we do not necessarily obtain the lowest possible commission rates for specific client account transactions. JSF is not affiliated with either Mid Atlantic or NFS.

### **Financial Information**

JSF has no additional financial circumstances to report. 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.

JSF has not been the subject of a bankruptcy petition at any time during the past ten years.