

# **James River Asset Management, LLC**

Part 2A of Form ADV: Firm Brochure

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March 4, 2021

This brochure provides information about the qualifications and business practices of James River Asset Management, LLC ("JRAM"). If you have any questions about the contents of this brochure, please contact us at 804-323-0517 or [amiller@jrwealth.com](mailto:amiller@jrwealth.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. JRAM is a Registered Investment Adviser. Registration as an Investment Adviser with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Additional information about JRAM 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 an IARD number. The IARD number for JRAM is 117917.

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## ITEM 2 – MATERIAL CHANGES

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This section of the Brochure will address only those “material changes” that have been incorporated since our last delivery or posting of this document on the SEC’s public disclosure website (IAPD) [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

There have been no material changes since our last annual amendment on February 17, 2020.

If you would like another copy of this Brochure, please download it from the SEC Website as indicated above. You will need the firms IARD number, 117917 to locate the firms’ information. Alternatively, you may contact our Chief Compliance Officer, Al Miller at 804-323-0517 or [amiller@jrwealth.com](mailto:amiller@jrwealth.com)

We encourage you to read this document in its entirety.

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#### ITEM 4 – ADVISORY BUSINESS

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This Disclosure document is being offered to you by James River Asset Management, LLC (“JRAM” or “Firm”) about the investment advisory services we provide. It discloses information about our services and the way those services are made available to you, the client.

We are an investment management firm located in Midlothian, Virginia. We specialize in investment advisory services for individuals, high net worth individuals, employee sponsored retirement plans, charitable organizations, trusts and estates. Our Firm became a registered investment adviser in April 1995. We are an employee owned firm Alvin H. Miller Jr. and Charles Clement serving as Managing Members.

We are committed to helping clients build, manage, and preserve their wealth, and to provide assistance that helps clients to achieve their stated financial goals. We will offer an initial complimentary meeting upon our discretion; however, investment advisory services are initiated only after you and JRAM execute an Investment Management Agreement.

##### Investment Management Services

We manage advisory accounts on a discretionary basis. For discretionary accounts, once we have determined a profile and investment plan with a client, we will execute the day to day transactions without seeking prior client consent. Account supervision is guided by the written profile and investment plan of the client. We may accept accounts with certain restrictions if circumstances warrant. We primarily allocate client assets among various equities, Exchanged Traded Funds (“ETFs”), no-load mutual funds and debt securities in accordance with their stated investment objectives.

During personal discussions with clients, we determine the client’s objectives, time horizons, risk tolerance and liquidity needs. As appropriate, we also review a client’s prior investment history, as well as family composition and background. Clients complete a financial fact finder and financial attitudes questionnaire. Based on client needs, we develop a client’s personal profile and asset allocation model. We then create and manage the client’s investments based on that policy and plan. It is the client’s obligation to notify us immediately if circumstances have changed with respect to their goals.

Once we have determined the types of investments to be included in your portfolio and allocated them, we will provide ongoing investment review and management services. This approach requires us to periodically review your portfolio.

With our discretionary relationship, we will make changes to the portfolio, as we deem appropriate, to meet your financial objectives. We trade these portfolios based on the combination of our market views and your objectives, using our investment process. We tailor our advisory services to meet the needs of our clients and seek to ensure that your portfolio is managed in a manner consistent with those needs and objectives. You will have the ability to leave standing instructions with us to refrain from investing in particular industries or invest in limited amounts of securities.

We do have limited authority to direct the Custodian to deduct our investment advisory fees from your accounts, but only with the appropriate written authorization from you.

Where appropriate, we provide advice about any type of legacy position held in client portfolios. Typically, these are assets that are ineligible to be custodied at our primary custodian. Clients will engage us to advise on certain investment products that are not maintained at their primary custodian, such as annuity contracts and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans).

You are advised and are expected to understand that our past performance is not a guarantee of future results. Certain market and economic risks exist that adversely affect an account's performance. This could result in capital losses in your account.

### Financial Planning

Through the financial planning process, our team strives to engage our clients in conversations around the family's goals, objectives, priorities, vision, and legacy – both for the near term as well as for future generations. With the unique goals and circumstances of each family in mind, our team will offer financial planning ideas and strategies to address the client's holistic financial picture, including estate, income tax, charitable, cash flow, wealth transfer and family legacy objectives. Our team partners with our client's other advisors (CPA, estate attorney, insurance broker, etc.) to ensure a coordinated effort of all parties toward the client's stated goals. Such services include various reports on specific goals and objectives or general investment and/or planning recommendations, guidance to outside assets and periodic updates.

Generally, there are two levels of planning services with different fees for each.

#### **A. The Mini-Plan includes:**

- Preparation of a financial statement

- Crystallize specific financial objectives
- An analysis (observations of potential problems)
- A Capital Needs (Estate) analysis
- When appropriate, a Hypothetical Probate (Estate Tax Analysis)
- Retirement analysis
- When appropriate, Education Funding analysis
- Insurance (Life, Disability and Health Insurance) analysis
- Investment analysis
- Specific recommendations

**B. The Comprehensive Plan includes:**

- All of the above plus – Cash Flow (budgeting) analysis
- Income Tax Analysis
- Mortgage Refinancing analysis

A written evaluation of each client's initial situation or Financial Plan is provided to the client. The recommendations will not be reviewed nor updated, unless requested by the client at which point a new Agreement between Client and Adviser may be executed.

Employer Sponsored Retirement Plan Services

For employer-sponsored retirement plans with participant-directed investments, our firm provides its advisory services as an investment advisor as defined under Section 3(21) of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”).

When serving as an ERISA 3(21) investment advisor, the Plan Sponsor and JRAM share fiduciary responsibility. The Plan Sponsor retains ultimate decision-making authority for the investments and may accept or reject the recommendations in accordance with the terms of a separate ERISA 3(21) Investment Advisor Agreement between JRAM and the Plan Sponsor. JRAM provides the following services to the Plan Sponsor:

- Screen investments and make recommendations.
- Monitor the investments regularly and suggests replacement investments when appropriate.
- Provide an annual investment report.
- Assist the Plan Sponsor in developing an Investment Policy Statement (“IPS”).

We can also be engaged to provide financial education to Plan participants. The scope of education provided to participants will not constitute “investment advice” within the

meaning of ERISA and participant education will relate to general principles for investing and information about the investment options currently in the Plan. We may also participate in initial enrollment meetings and periodic workshops and enrollment meetings for new participants.

### Third Party Managers

The JRAM offers a wrap fee program sponsored by Valmark Advisers, Inc., a third-party manager. The program, offered under the name TOPS, exclusively utilizes exchange traded funds. Depending on how they score on a risk tolerance/investment goals questionnaire, clients are placed in one or more model portfolios. TOPS expenses may be as high as 50 basis points, before any fees charged by the firm. The TOPS program is the firm's primary outside money manager, holding 95% of outside managed money. Other legacy providers include Ceros and Morningstar, both of which are being phased out.

Selected Managers are evaluated by JRAM for client use. These Managers are selected for your investments need to meet several quantitative and qualitative criteria established by JRAM. Among the criteria that may be considered are the Manager's experience, assets under management, performance record, client retention, the level of client services provided, investment style, buy and sell disciplines, capitalization level, and the general investment process.

You are advised and should understand that:

- A Manager's past performance is no guarantee of future results;
- There is a certain market and/or interest rate risk which may adversely affect any
- Manager's objectives and strategies, and could cause a loss in a Client's account(s); and
- Client risk parameters or comparative index selections provided to JRAM are guidelines only and there is no guarantee that they will be met or not be exceeded.

JRAM's IARs shall be available to answer questions the client may have regarding their account and act as the communication conduit between the client and the Manager. Managers may take discretionary authority to determine the securities to be purchased and sold for the client. Neither JRAM nor its associated persons will have any trading authority with respect to clients' managed account with the TPM(s).

All accounts are managed by the selected Manager and JRAM does not have any discretionary trading authority with respect to such accounts. Information collected by our firm regarding Managers is believed to be reliable and accurate but JRAM does not

necessarily independently review or verify it on all occasions. All performance reporting will be the responsibility of the respective Manager. Such performance reports will be provided directly to you and JRAM. JRAM does not audit or verify that these results are calculated on a uniform or consistent basis as provided by a Manager directly to JRAM or through the consulting service utilized by the Manager.

JRAM has entered into agreements with independent Managers. Under these agreements, JRAM offers client's various types of programs sponsored by these Managers. All third-party Managers to whom JRAM will refer clients will be licensed as registered investment advisors by their resident state and any applicable jurisdictions or registered investment advisors with the Securities and Exchange Commission. Third-party managed programs generally have account minimum requirements that will vary from investment advisor to investment advisor. Account minimums are generally higher on fixed income accounts than equity-based accounts. A complete description of the Manager's services, fee schedules and account minimums will be disclosed in the Manager's Form ADV or similar Disclosure Brochure which will be provided to clients at the time an agreement for services is executed and account is established.

#### Wrap Fee Program

We do not sponsor or manage in a Wrap Fee Program.

#### Assets

As of December 31, 2020, our firm manages, \$125,416,566 in discretionary assets under management. We manage retirement plan assets of \$21,097,319 on a non-discretionary basis.

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### **ITEM 5 - FEES AND COMPENSATION**

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#### Investment Management Fees and Compensation

Our Firm charges a fee as compensation for providing Investment Management services on your account. These services include advisory services, trade entry, investment supervision, and other account-maintenance activities. Our custodian charges transaction costs, custodial fees, redemption fees, retirement plan and administrative fees or commissions. See Additional Fees and Expenses below for additional details.

The fees for investment management are based on an annual percentage of assets under management and are applied to the household asset value on a pro-rata basis and billed



quarterly in arrears. The quarterly fee will be calculated on the value of the account on the last business day of the end of each calendar quarter. The initial fee will be the prorated for the number of days in the quarter that your account is under management. Fees for the TOPS program are paid quarterly in advance and calculated on the value of the last business day of the previous quarter. Fees are assessed on all assets under management, including securities, cash and money market balances. Margin account balances are not included in the fee billing.

There may be a possibility for price or account value discrepancies due to quarter-end transactions in an account. Dividends or trade date settlements may occur and our third party billing software may report a slight difference in account valuation at quarter end compared to what is reported on your Statement from the Custodian. Our firm has the ability to produce billing summaries, which can be provided upon request.

Our standard fee schedule follows:

Individual Securities Program

First \$1,000,000.00 1.00%

Excess over \$1,000,000.00 0.50%

No Load Fund Program

First \$1,000,000.00 1.00%

Excess over \$1,000,000.00 0.50%

TOPS

First \$1,000,000.00 1.25%

Excess over \$1,000,000.00 0.75%

We may negotiate a lower advisory fee or have the right to waive the minimum fee. Fees may vary based on the size of the account, complexity of the portfolio, extent of activity in the account or other reasons agreed upon by us and you as the client. In certain circumstances, our fees and the timing of the fee payments may be negotiated. Our employees and their family related accounts are charged a reduced fee for our services.

Unless otherwise instructed by the Client, we will aggregate related client accounts for the purposes of determining the account size and annualized fee. The common practice is often referred to as “house-holding” portfolios for fee purposes and may result in lower fees than if fees were calculated on portfolios separately. Our method of house-holding accounts for fee purposes looks at the overall family dynamic and relationship. When

applicable and noted in the Investment Management Agreement, legacy positions will also be excluded from the fee calculation.

The independent qualified custodian holding your funds and securities will debit your account directly for the advisory fee and pay that fee to us. You will provide written authorization permitting the fees to be paid directly from your account held by the qualified custodian. Further, the qualified custodian agrees to deliver an account statement to you on a monthly basis indicating all the amounts deducted from the account including our advisory fees.

Either JRAM or you may terminate the Investment Advisory Agreement immediately upon written notice to the other party, although we prefer a 30-day notice. The management fee will be pro-rated to the date of termination, for the quarter in which the cancellation notice was given and the fee due will be charged to your account as indicated in your Agreement. TOPS fees are prorated when an account leaves the firm, when an account leaves within the first 10 days of the quarter. Thereafter, there is no proration or refund of fees.

Upon termination, you are responsible for monitoring the securities in your account, and we will have no further obligation to act or advise with respect to those assets. In the event of client's death or disability, JRAM will continue management of the account until we are notified of client's death or disability and given alternative instructions by an authorized party.

#### Financial Planning Fees

Fees are paid 50% up front, then 50% upon completion. Should a client decide to end the financial planning process prior to completion, JRAM would return any fees paid less an allowance of \$100.00 per hour for time incurred. The fee for the Mini-Plan is generally \$1,500 to \$3,000 with an average fee of \$2,000. The financial planning fees are negotiable and determined prior to the signing of the Financial Advisory Agreement.

The fee for the Comprehensive Plan is generally between \$2,000 and \$5,000 with an average fee of \$3,500.

You may terminate the financial planning agreement by providing us with written notice. Upon termination, fees will be prorated to the date of termination and any unearned portion of the fee will be refunded to you based on an hourly rate of \$100.00. Services provided up to date of termination but not yet paid to JRAM will be billed to you based

on the hourly rate of \$100.00. We will not require prepayment of more than \$1,200 in fees per client, six (6) or more months in advance of providing any services.

#### Employer Sponsored Retirement Plan Services

For Retirement Plan Advisory Services compensation, we charge an annual fee as negotiated with the client and disclosed in the Employer Sponsored Retirement Plans Investment Advisory Agreement. The compensation method is explained and agreed upon in advance before any services are rendered. Asset based fees range from 0.10% to 0.50% annually.

Plan advisory services begin with the effective date of the Employer Sponsored Retirement Plans Investment Advisory Agreement, which is the date you sign the Employer Sponsored Retirement Plans Investment Advisory Agreement. For that calendar quarter, fees will be adjusted pro rata based upon the number of calendar days in the calendar quarter that the Agreement was effective. Our fee is billed in arrears on the last business day of the calendar quarter as outlined in the Agreement. For Plans where our fee is billed to the custodian, the fee is deducted directly from the participant accounts. Written authorization permitting us to be paid directly from the custodial account is outlined in the Agreement.

Either party may terminate the Investment Advisory Agreement at any time upon immediate notice. You are responsible to pay for services rendered until the termination of the Agreement.

#### Administrative Services Provided by Morningstar

We have contracted with Morningstar to utilize its technology platforms to support data reconciliation, performance reporting, fee calculation and billing, client database maintenance, quarterly performance evaluations, payable reports, and other functions related to the administrative tasks of managing client accounts. Due to this arrangement, Morningstar will have access to client information, but Morningstar will not serve as an investment adviser to our clients. James River and Morningstar are non-affiliated companies. Morningstar charges our Firm an annual fee for each account administered by Morningstar. Please note that the fee charged to the client will not increase due to the annual fee James River pays to Morningstar, the annual fee is paid from the portion of the management fee retained by our Firm.

#### Additional Fees and Expenses:

In addition to the advisory fees paid to our Firm, clients may also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively "Financial Institutions"). These additional charges may include securities, transaction fees, custodial fees, fees charged by the Independent Managers, charges imposed directly by a mutual fund or ETF in a client's account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. JRAM' brokerage practices are described at length in Item 12, below. Neither our Firm nor its supervised persons accept compensation for the sale of securities or other investment products. Further, our firm does not share in any of these additional fees and expenses outlined above.

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**ITEM 6 - PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

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We do not charge advisory fees on a share of the capital appreciation of the funds or securities in a client account (so-called performance-based fees) nor engage side by side management.

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**ITEM 7 - TYPES OF CLIENTS**

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We provide investment advice to individuals, high-net worth individuals, retirement rollovers, 401-K plans, employee sponsored retirement plans, institutions, trusts and estates. We have no minimum initial household value for opening accounts.

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**ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

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Our investments are mainly in exchange-listed securities, securities traded over-the-counter, ADRs, no-load mutual funds, exchange traded funds (ETFs) and bonds issued by the US government, corporations, and municipalities. We rely on fundamental analysis for individual securities, emphasizing earnings growth and balance sheet quality. Our investment time frame is usually long term, or greater than a year. We generally avoid margin and may use options to hedge risk and enhance income.

Mutual Fund Disclosure

James River may include mutual funds and exchange traded funds, (“ETFs”) in our investment strategies. James River policy is to purchase institutional share classes of those mutual funds selected for the client’s portfolio. The institutional share class generally has the lowest expense ratio. The expense ratio is the annual fee that all mutual funds or ETFs charge their shareholders. It expresses the percentage of assets deducted each fiscal year for funds expenses, including 12b-1 fees, management fees, administrative fees, operating costs, and all other asset-based costs incurred by the fund. Some fund families offer different classes of the same fund and one share class may have a lower expense ratio than another share class. These expenses come from client assets which could impact the client’s account performance. Mutual fund expense ratios are in addition to our fee, and we do not receive any portion of these charges. If an institutional share class is not available for the mutual fund selected, the adviser will purchase the least expensive share class available for the mutual fund. As share classes with lower expense ratios become available, James River may use them in the client’s portfolio, and/or convert the existing mutual fund position to the lower cost share class. Clients who transfer mutual funds into their accounts with James River would bear the expense of any contingent or deferred sales loads incurred upon selling the product. If a mutual fund has a frequent trading policy, the policy can limit a client’s transactions in shares of the fund (e.g., for rebalancing, liquidations, deposits or tax harvesting). All mutual fund expenses and fees are disclosed in the respective mutual fund prospectus.

#### *Non-Transaction Fee (NTF) Mutual Funds*

When selecting investments for our clients’ portfolios we might choose mutual funds on your account custodian’s Non-Transaction Fee (NTF) list. This means that your account custodian will not charge a transaction fee or commission associated with the purchase or sale of the mutual fund.

The mutual fund companies that choose to participate in your custodian’s NTF fund program pay a fee to be included in the NTF program. The fee that a mutual fund company pays to participate in the program is ultimately borne by the owners of the mutual fund including clients of our Firm. When we decide whether to choose a fund from your custodian’s NTF list or not, we consider our expected holding period of the fund, the position size and the expense ratio of the fund versus alternative funds. Depending on our analysis and future events, NTF funds might not always be in your best interest.

### Risk of Loss

Clients must understand that past performance is not indicative of future results. Therefore, current and prospective clients should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities involves risk of loss. Further, depending on the different types of investments there will be varying degrees of risk. Clients and prospective clients should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our Firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines.

Investors should be aware that accounts are subject to the following risks:

**Market Risk** — Even a long-term investment approach cannot guarantee a profit. Economic, political and issuer-specific events will cause the value of securities to rise or fall. Because the value of investment portfolios will fluctuate, there is the risk that you will lose money and your investment may be worth more or less upon liquidation.

**Foreign Securities and Currency Risk** — Investments in international and emerging market securities include exposure to risks such as currency fluctuations, foreign taxes and regulations, and the potential for illiquid markets and political instability.

**Capitalization Risk** — Small-cap and mid-cap companies may be hindered as a result of limited resources or less diverse products or services, and their stocks have historically been more volatile than the stocks of larger, more established companies.

**Interest Rate Risk** — In a rising rate environment, the value of fixed-income securities generally declines and the value of equity securities may be adversely affected.

**Credit Risk** — Credit risk is the risk that the issuer of a security may be unable to make interest payments and/or repay principal when due. A downgrade to an issuer's credit rating or a perceived change in an issuer's financial strength may affect a security's value and, thus, impact the fund's performance.

**Securities Lending Risk** — Securities lending involves the risk that the fund loses money because the borrower fails to return the securities in a timely manner or at all. The fund could also lose money if the value of the collateral provided for

loaned securities, or the value of the investments made with the cash collateral, falls. These events could also trigger adverse tax consequences for the fund.

Exchange-Traded Funds — ETFs face market-trading risks, including the potential lack of an active market for shares, losses from trading in the secondary markets and disruption in the creation/redemption process of the ETF. Any of these factors may lead to the fund's shares trading at either a premium or a discount to its "net asset value."

Performance of Underlying Managers — We select the mutual funds and ETFs in the asset allocation portfolios. However, we depend on the manager of such funds to select individual investments in accordance with their stated investment strategy.

Liquidity Risk - Liquidity risk exists when particular investments would be difficult to purchase or sell, possibly preventing clients from selling such securities at an advantageous time or price.

Cybersecurity Risk. In addition to the Material Risks listed above, investing involves various operational and "cybersecurity" risks. These risks include both intentional and unintentional events at James River or one of its third-party counterparties or service providers, that may result in a loss or corruption of data, result in the unauthorized release or other misuse of confidential information, and generally compromise our Firm's ability to conduct its business. A cybersecurity breach may also result in a third-party obtaining unauthorized access to our clients' information, including social security numbers, home addresses, account numbers, account balances, and account holdings. Our Firm has established business continuity plans and risk management systems designed to reduce the risks associated with cybersecurity breaches. However, there are inherent limitations in these plans and systems, including that certain risks may not have been identified, in large part because different or unknown threats may emerge in the future. As such, there is no guarantee that such efforts will succeed, especially because our Firm does not directly control the cybersecurity systems of our third-party service providers. There is also a risk that cybersecurity breaches may not be detected.

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## **ITEM 9 - DISCIPLINARY INFORMATION**

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We do not have any legal, financial or other "disciplinary" item to report.

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## ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

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### Insurance

IARs of JRAM may act as agents appointed with various life, disability or other insurance companies, receive commissions, trails, or other compensation from the respective product sponsors and/or as a result of effecting insurance transactions for clients. You have the right to decide whether or not to act on the insurance recommendations from JRAM's IARs. If you decide to act upon our insurance recommendations, you have the right to choose the insurance professional to use to purchase the insurance products through JRAM's IAR or any licensed insurance agent not affiliated with JRAM. We recognize the fiduciary responsibility to place your interests first and have established policies in this regard to mitigate any conflicts of interest.

### Broker Dealer

Certain IARs of JRAM are registered representatives of Valmark Securities, Inc. ("Valmark") a securities broker-dealer and will be compensated for effecting securities transactions or providing advisory services. A portion of the time of JRAM and these IARs is spent in connection with broker/dealer activities.

As a broker-dealer, Valmark engages in a broad range of activities normally associated with securities brokerage firms. Pursuant to the investment advice given by JRAM or its IARs, investments in securities may be recommended for clients. If Valmark is selected as the broker-dealer, Valmark and its registered representatives, including IARs of JRAM, may receive commissions for executing securities transactions. When IARs of JRAM receive commissions in connection with the advice given to advisory clients, JRAM may reduce a portion of its fees by the amount of the commissions earned by JRAM IARs. Clients that purchase any products resulting in commission to the registered representative will not be assessed an advisory fee on those products sold through the broker-dealer.

You are advised that if Valmark is selected as the broker-dealer, the transaction charges may be higher or lower than the charges you may pay if the transactions were executed at other broker/dealers. You should note, however, that you have the right to decide to purchase products through the broker dealer. If you do decide to purchase products, you have the right to choose from whom you will purchase the products.

JRAM may provide advice regarding mutual fund securities. You should be aware that, in addition to the advisory fees you pay in connection with any JRAM program, each investment company also pays its own separate investment advisory fees and other



expenses. Mutual funds also charge their own internal separate fees for investing in their fund. Such fees and expenses are disclosed in the mutual fund's prospectus. In addition, clients should be aware that mutual funds may be purchased separately, independent of the investment management services of JRAM and fees of JRAM.

Moreover, you should note that under the rules and regulations of FINRA, Valmark has an obligation to maintain certain client records and perform other functions regarding certain aspects of the investment advisory activities of its registered representatives. These obligations require Valmark to coordinate with and have the cooperation of its registered representatives that operate as, or are otherwise associated with, investment advisers other than Valmark.

Clients should be aware that the ability to receive additional compensation by JRAM and its management persons or employees creates conflicts of interest that impair the objectivity of the Firm and these individuals when making advisory recommendations. JRAM endeavors at all times to act in the Clients best interest of its clients. As part of our fiduciary duty as a registered investment adviser, we take the following steps, among others to address this conflict:

- we disclose to clients the existence of all material conflicts of interest, including the potential for the Firm and our employees to earn compensation from advisory clients in addition to the Firm's advisory fees;
- we disclose to clients that they have the right to decide to purchase recommended investment products from our employees or Related Companies;
- we collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- we conduct regular reviews of each client advisory account to verify that all recommendations made to a client are in the best interest of the client's needs and circumstances;
- we require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- we periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by the 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.

IARs of our Firm do not have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading adviser, or an associated person of the foregoing entities.

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**ITEM 11 - CODE OF ETHICS PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS  
AND PERSONAL TRADING**

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Our Firm and persons associated with us are allowed to invest for their own accounts or to have a financial investment in the same securities or other investments that we recommend or acquire for your account and may engage in transactions that are the same as or different than transactions recommended to or made for your account. This creates a conflict of interest. We recognize the fiduciary responsibility to act in your best interest and have established policies to mitigate conflicts of interest.

We have developed and implemented a Code of Ethics that sets forth standards of conduct expected of our advisory personnel to mitigate this conflict of interest. The Code of Ethics addresses, among other things, personal trading, gifts, the prohibition against the use of inside information.

The Code of Ethics is designed to protect our clients to detect and deter misconduct, educate personnel regarding the firm's expectations and laws governing their conduct, remind personnel that they are in a position of trust and must act with complete propriety at all times, protect the reputation of JRAM, guard against violation of the securities laws, and establish procedures for personnel to follow so that we may determine whether their personnel are complying with the firm's ethical principles.

We have established the following restrictions in order to ensure our firm's fiduciary responsibilities:

1. A director, officer or employee of JRAM shall not buy or sell any securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No supervised employee of JRAM shall prefer his or her own interest to that of the advisory client. Trades for supervised employees are traded alongside client accounts.

2. We maintain a list of all securities holdings of anyone associated with this advisory practice with access to advisory recommendations. These holdings are reviewed on a regular basis by an appropriate officer/individual of JRAM.
3. We emphasize the unrestricted right of the client to decline to implement any advice rendered, except in situations where we are granted discretionary authority of the client's account.
4. We require that all supervised employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
5. Any supervised employee not in observance of the above may be subject to termination.

You may request a complete copy of our Code of Ethics by contacting us at the telephone number on the cover page of this Part 2; Attn: Chief Compliance Officer.

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#### **ITEM 12 - BROKERAGE PRACTICES**

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We participate in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC. TD Ameritrade is an independent and unaffiliated SEC-registered broker-dealer. TD Ameritrade offers services to independent investment advisors that include custody of securities, trade execution, clearance and settlement of transactions.

There is no direct link between our participation in the program and the investment advice we give to our clients, although we receive economic benefits through our participation in the program that are typically not available to any other independent investment advisors participating in the program. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research,

technology, and practice management products or services provided to us by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by some of our related persons. Some of the products and services made available by TD Ameritrade through the program may benefit us but may not benefit your account. These products or services may assist us in managing and administering your account, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. The benefits received by our firm or our personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of our fiduciary duties to clients, we endeavor at all times to put the interests of our clients first. You should be aware, however, that the receipt of economic benefits by our Firm or our related persons in and of itself creates a conflict of interest and may indirectly influence our choice of TD Ameritrade for custody and brokerage services.

In the event you request us to recommend a broker/dealer custodian for execution and/or custodial services, we generally recommend your account to be maintained at TD Ameritrade. We may recommend that you establish accounts with TD Ameritrade to maintain custody of your assets and to effect trades for your accounts. You are under no obligation to act upon any recommendations, and if you elect to act upon any recommendations, you are under no obligation to place the transactions through any broker/dealer we recommend. Our recommendation is generally based on the broker's cost and fees, skills, reputation, dependability and compatibility with the client. You may be able to obtain lower commissions and fees from other brokers and the value of products, research and services given to us is not a factor in determining the selection of broker/dealer or the reasonableness of their commissions.

#### Aggregation and Allocation of Transactions

We may aggregate transactions if we believe that aggregation is consistent with the duty to seek best execution for our clients and is consistent with the disclosures made to clients and terms defined in the client Investment Advisory Agreement. No advisory client will be favored over any other client, and each account that participates in an aggregated order will participate at the average share price (per custodian) for all transactions in that security on a given business day.

We will aggregate trades for ourselves or our associated persons with your trades, providing that the following conditions are met:

1. Our policy for the aggregation of transactions shall be fully-disclosed separately to our existing clients (if any) and the broker/dealer(s) through which such transactions will be placed;
2. We will not aggregate transactions unless we believe that aggregation is consistent with our duty to seek the best execution (which includes the duty to seek best price) for you and is consistent with the terms of our Investment Advisory Agreement with you for which trades are being aggregated.
3. No advisory client will be favored over any other client; each client that participates in an aggregated order will participate at the average share price for all our transactions in a given security on a given business day, with transaction costs based on each client's participation in the transaction;
4. We will prepare a written statement ("Allocation Statement") specifying the participating client accounts and how to allocate the order among those clients;
5. If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the allocation statement; if the order is partially filled, the accounts that did not receive the previous trade's positions should be "first in line" to receive the next allocation.
6. Notwithstanding the foregoing, the order may be allocated on a basis different from that specified in the Allocation Statement if all client accounts receive fair and equitable treatment and the reason for difference of allocation is explained in writing and is reviewed by our compliance officer. Our books and records will separately reflect, for each client account, the orders of which aggregated, the securities held by, and bought for that account.
7. We will receive no additional compensation or remuneration of any kind as a result of the proposed aggregation; and
8. Individual advice and treatment will be accorded to each advisory client.

#### Brokerage for Client Referrals

Our Firm does not receive client referrals from any custodian or third party in exchange for using that broker-dealer or third party.

### Trade Errors

We have implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with our fiduciary duty, it is our policy to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client will be responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client will be made whole and we will absorb any loss resulting from the trade error if the error was caused by the firm. If the error is caused by the Custodian, the Custodian will be responsible for covering all trade error costs. If an investment gain results from the correcting trade, the gain will be donated to charity. We will never benefit or profit from trade errors.

### Directed Brokerage

We do not routinely recommend, request or require that you direct us to execute transaction through a specified broker dealer. Additionally, we typically do not permit you to direct brokerage. We place trades for your account subject to our duty to seek best execution and other fiduciary duties.

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## **ITEM 13 - REVIEW OF ACCOUNTS**

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### Account Reviews and Reviewers – Investment Supervisory Services

Our Investment Adviser Representatives will monitor client accounts on a regular basis and perform annual reviews with each client. All accounts are reviewed for consistency with client investment strategy, asset allocation, risk tolerance and performance relative to the appropriate benchmark. More frequent reviews may be triggered by changes in an account holder's personal, tax or financial status. Geopolitical and macroeconomic specific events may also trigger reviews.

### Statements and Reports

The custodian for the individual client's account will provide clients with an account statement at least monthly. Reports may also be provided at every client meeting. Communication to clients will be done on an as needed basis with a minimum of 1 contact per calendar year. You are urged to compare the reports provided by JRAM against the account statements you receive directly from your account custodian.

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#### **ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION**

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Our firm neither accepts nor pay fees for client referrals. Our firm neither accepts or pay fees for referrals. As disclosed under Brokerage Practices, we participate in TD Ameritrade's institutional customer program and we may recommend TD Ameritrade to you for custody and brokerage services. There is no direct link between our participation in the program and the investment advice we give to our clients, although we receive economic benefits through our participation in the program that are typically not available to any other independent Investment Advisors participating in the program. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to us by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by some of our related persons. Some of the products and services made available by TD Ameritrade through the program may benefit us but may not benefit your account. These products or services may assist us in managing and administering your account, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. The benefits received by our Firm or our personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of our fiduciary duties to clients, we endeavor at all times to put the interests of our clients first. You should be aware, however, that the receipt of economic benefits by our Firm or our related persons in and of itself creates a conflict of interest and may indirectly influence our choice of TD Ameritrade for custody and brokerage services.

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#### **ITEM 15 – CUSTODY**

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Custody has been defined by regulators as having access or control over client funds and/or securities. We do not have physical custody of funds or securities, as it applies to investment advisors.

For all accounts, our firm has the authority to have fees deducted directly from client accounts. Our firm has established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. You should carefully review those statements and are urged to compare the statements against reports received from JRAM.

When you have questions about your account statements, you should contact JRAM or the qualified custodian preparing the statement.

Our firm is deemed to have custody of clients' funds or securities when clients have standing authorizations with their custodian to move money from a client's account to a third-party ("SLOA") and, under that SLOA, it authorizes us to designate the amount or timing of transfers with the custodian. The SEC has set forth a set of standards intended to protect client assets in such situations, which we follow. We do not have a beneficial interest on any of the accounts we are deemed to have Custody where SLOAs are on file. In addition, account statements reflecting all activity on the account(s), are delivered directly from the qualified custodian to each client or the client's independent representative, at least quarterly. You should carefully review those statements and are urged to compare the statements against reports received from us. When you have questions about your account statements, you should contact us, your Advisor or the qualified custodian preparing the statement.

Please refer to Item 5 for more information about the deduction of adviser fees.

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#### **ITEM 16 – INVESTMENT DISCRETION**

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For discretionary accounts, prior to engaging JRAM to provide investment advisory services, you will enter a written Agreement with us granting the firm the authority to supervise and direct, on an on-going basis, investments in accordance with the client's investment objective and guidelines. In addition, you will need to execute additional documents required by the Custodian to authorize and enable JRAM, in its sole discretion, without prior consultation with or ratification by you, to purchase, sell or exchange securities in and for your accounts. We are authorized, in our discretion and without prior consultation with you to: (1) buy, sell, exchange and trade any investment company



registered under the Investment Company Act of 1940 and (2) determine the amount of securities to be bought or sold and (3) place orders with the custodian. Any limitations to such discretionary authority will be communicated to our Firm in writing by you, the client.

The limitations on investment and brokerage discretion held by JRAM for you are:

1. For discretionary accounts, we require that we be provided with authority to determine which securities and the amounts of securities to be bought or sold.
2. Any limitations on this discretionary authority shall in writing as indicated on the investment advisory Agreement, Appendix B. You may change/amend these limitations as required.

In some instance, we may not have discretion. We will discuss all transactions with you prior to execution or you will be required to make the trades if in an employer sponsored account.

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#### **ITEM 17 – VOTING YOUR SECURITIES**

We will not vote proxies on your behalf. You are welcome to vote proxies or designate an independent third-party at your own discretion. You designate proxy voting authority in the custodial account documents. You must ensure that proxy materials are sent directly to you or your assigned third party. We do not take action with respect to any securities or other investments that become the subject of any legal proceedings, including bankruptcies. Clients can contact our office with questions about a particular solicitation by phone at 804-323-0517.

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#### **ITEM 18 – FINANCIAL INFORMATION**

We do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, we have not been the subject of a bankruptcy petition at any time.