



Part 2A of Form ADV: Firm Brochure

FORM ADV PART 2 UNIFORM

APPLICATION FOR INVESTMENT ADVISOR

REGISTRATION FOR

WHITE LIGHTHOUSE INVESTMENT MANAGEMENT INC.

(Previously known as White Lighthouse Investment Management and JJK Investment Management)

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Lexington, MA 02421

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This brochure provides information about the qualifications and business practices of White Lighthouse Investment Management Inc. If you have any questions about the contents of this brochure, please contact us at the above phone number. 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. Additional information about White Lighthouse Investment Management Inc. is also available on the SEC's website at <https://adviserinfo.sec.gov/> and at the White Lighthouse web site at white-lighthouse.com.

By the fact that White Lighthouse Investment Management Inc. is a Registered Investment Advisor does not in itself imply a certain level of skill or training.

There are no material changes since the last annual update of this brochure in 2022.

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Advisory Business (Assets Under Management)

White Lighthouse Investment Management Inc. was founded by Jonathan Lachowitz to provide investment management and financial services to Americans and multinational families living abroad or in the United States. As of December 31, 2022, the firm had approximately \$407,771,000 of discretionary assets under management and approximately \$13,406,000 of non-discretionary assets for a total of approximately \$421,177,000 under management calculated according to the method prescribed by the SEC.

Investment Management Services

For investment management clients, the firm conducts a discovery process to understand the clients' income and net worth, their goals, risk tolerance and other factors that inform the investment policy that guides the design and management of clients' portfolios. We create diversified portfolios with a custom designed asset allocation mostly composed of low-to-moderate cost, high quality, liquid investments, mostly in the form of Exchange Traded Funds from companies like Vanguard, BlackRock (iShares), and others though we may use or retain individual securities and mutual funds.

Financial Planning and Comprehensive Wealth Management Services

We provide financial planning services such as tax, retirement, and estate planning, with a focus on US cross-border issues, either on project-basis for clients who we do not manage assets, or on an ongoing basis for investment management clients and wealth management clients. Examples of specialized financial planning include outbound and inbound US planning due to international relocations; business planning for professionals and owners with operations in multiple countries; rental real estate planning in and outside the USA; expatriation (surrendering US citizenship or green cards) and naturalization planning; and estate and tax planning for beneficiaries of foreign trusts or complex structures and tax compliance review, including IRS international compliance programs.

Retirement Account Rollovers

When assessing a client's retirement accounts, we may recommend that a client rollover their retirement plan assets to an Individual Retirement Account (IRA) that the client can choose to be managed by us. As a result of this rollover, we may earn fees on the future management of these accounts. This means that our advice may present a conflict of interest, as we may have a financial incentive to recommend that a client roll over retirement assets into an IRA we would manage. This potential conflict is disclosed to clients verbally and in this brochure. Clients are also advised that they are under no obligation to implement the recommendations to rollover retirement plan assets or to continue with our management, which is always billed in arrears not in advance. We attempt to mitigate this potential conflict by requiring that all investment recommendations have a sound basis, and by requiring advisors to acknowledge their fiduciary responsibility towards each client. When we provide investment advice to clients regarding their retirement plan accounts or individual retirement accounts, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Securities Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we earn money may create some conflicts with our clients' interests, so we operate under a special rule that requires us to act in your best interest and not put our own interest ahead of our clients. Under this special rule's provisions, we must: meet a professional standard of care when making investment recommendations (give prudent advice); never put our financial interests ahead of our client's interests when making recommendations (give loyal advice); avoid misleading statements about conflicts of interest, fees and investments; follow policies and procedures designed to ensure that we give advice that is in our client's best interests; charge no more than is reasonable for our services; and give basic information about conflicts of interest.

Fees and Compensation

We offer three different service levels for financial planning and investment management:

Professional Level

Clients pay both a fixed fee and a variable Assets Under Management (AUM) fee quarterly in arrears. The fixed fee is \$7,500 annually. The fixed fee covers standard financial planning such

as tax and retirement planning, estate planning, and insurance needs analysis for the client's independent implementation. The service level is a good fit for clients with smaller investment accounts and those with less complex situations. Investment management for up to \$500,000 in AUM is included in the fixed fee. Additional AUM fees apply on top of the fixed fee for assets under management over \$500,000 as per the table below:

	<u>Assets under Management</u>	<u>% Fee</u>
Between	\$500,000 to \$2,000,000	0.80%
Between	\$2,000,000 to \$5,000,000	0.60%
Between	\$5,000,000 to \$10,000,000	0.55%
Between	\$10,000,001 and above	0.50%

In addition to the White Lighthouse fee, clients also pay trading fees to brokers/custodians that typically range from \$0 to \$30.00 per equity trade depending on the custodian. Mutual funds trading fees vary. Most mutual funds and exchange traded funds have their own management expense fees, typically ranging from .03% to .50% or more per year, although exceptionally some may be higher. White Lighthouse is a fee-only firm and we only receive compensation from clients. We do not receive any fees, commissions, or payments from any brokers, funds, or other third parties.

At the discretion of the Investment Manager and based on experience and client discovery, the Professional Level may not be appropriate for some clients and only the Executive or Concierge Level would be available.

Executive Level

Clients pay both a fixed fee and a variable AUM fee quarterly in arrears. The fixed fee is \$15,000 annually. This fixed fee covers all the services under the Professional Service Level and investment management for up to \$1,000,000 in AUM. This fee level includes up to 20 additional hours per year of specialized planning services for households with more complex situations, such as those needing cross-border planning services, business planning use of trusts, charitable giving planning, international relocations, expatriation and naturalization, executive compensation, offshore tax compliance programs, specialized insurance needs and coordination with other

advisors, including attorneys, insurance brokers, loan officers, tax advisors, trustees, etc. Clients with significant assets under advisory (such as rentals, multiple homes, trust and small business interests) and/or with annual incomes taxed at the highest tax brackets, are generally served under this level. Additional AUM fees apply on top of the fixed fee for assets under management over \$1,000,000 as per the table below:

	<u>Assets under Management</u>	<u>% Fee</u>
Between	\$1,000,000 to \$2,000,000	0.75%
Between	\$2,000,000 to \$7,000,000	0.55%
Between	\$7,000,000 and above	0.50%

Concierge Level

Clients pay a fixed fee quarterly in arrears. The minimum annual fee starts at \$30,000 and is based on client complexity, assets under management and assets under advisory. An AUM fee may apply. The annual fee covers all the services provided under the Executive and Professional Levels without hourly limitation, additional advice for adult children. Fees are generally deducted quarterly in arrears, directly from client accounts. At the discretion of the firm, we may agree to bill for these services separately, in which case an agreed administrative fee may apply. Working with specific advisors may require higher minimum fees at each service level. Under certain circumstances and at the discretion of individual manager, fixed fee financial planning projects, investment management limited mandates or special discounts to standard fees may be offered.

For clients at the Professional and Executive Levels, services beyond the scope of the engagement may be provided by mutual client-manager agreement, at a rate of between \$450/hour to \$1,000/hour depending on the investment manager and complexity of the work.

As additional safeguards to our clients, we send all invoiced amounts to the custodian who reviews the amounts before they are posted to the client accounts. A copy of the invoice amount charged to the client is sent to each client as part of the quarterly reports received by each client. The custodian also provides monthly reports and online real-time access to account activity. The client may call the custodian at any time to terminate our ability to trade, view and deduct fees from their accounts. Clients must authorize the custodian to allow White Lighthouse Investment

Management Inc. to deduct their management fees. Please note above that brokerage transactions may include fees other than those charged directly by White Lighthouse Investment Management Inc.

Performance Based Fees and Side-by-Side Management

We have never charged any performance-based fees. Side-by-side management is when one manages accounts in which some are charged by assets under management, and some are charged by performance. Since we do not charge by performance, we therefore do not tend to favor one account charged one way over another account charged the other way.

Types of Clients

Our clients include individuals, families, and in some cases, their adult children. We also work with small corporations, trusts, and retirement plans such as SEP IRAs or Solo 401ks of individual clients or their corporations. Most of our clients are families and individuals including small business owners.

We do not have account minimums, but we have a minimum annual fee. See page 4 (Fees and Compensation) for more details. At our discretion or for historical reasons we may charge clients less than our stated minimum or provide pro-bono services.

Methods of Analysis, Investment Strategies and Risk of Loss

We manage each client's portfolio(s) based on their individual circumstances. This generally includes our analysis and understanding of their risk profile (risk tolerance, capacity and need), their age, the cash and income needs from the portfolio, their time horizon and several other factors that pertain specifically to each client. Asset allocation over several investment classes is done in order to build a diversified portfolio. Based on macro-economic factors and our own analysis, we may decide to include or exclude specific investment classes or under or over weigh specific sectors.

All investments and investment strategies contain risk of loss. Based on our understanding of our clients' risk profiles, goals and income needs we endeavor to create well-diversified portfolios using primarily index ETFs (that hold the underlying securities), mutual funds, and other 7

individual securities that are cost efficient and are highly liquid. Historically, globally well-diversified portfolios, using the concepts of modern portfolio theory have produced lower volatility returns for a given level of risk. Where possible, we manage client portfolios for tax efficiency, taking into consideration their worldwide tax exposure to identify and avoid double taxation risks, and to take advantage of tax minimization opportunities, though asset allocation is seen to be more important than tax efficiency.

We manage accounts with a long-term investment horizon, which can have short-term volatility that at times can be extreme. We request that clients let us know as soon as possible of any changes in their circumstances that would require funding for short-term needs or may require us to rebalance their portfolio and plan accordingly.

Other risks that client portfolios are subject to are inflation, regulatory changes, systemic risk, currency exchange fluctuations, interest rates exposure, and the overall macro-economic environment in the United States and globally. It should be noted that investing in securities involves the potential loss of invested capital and clients should be prepared to bear this loss. We try to tailor the account based on a client's risk profile and cash flow needs in order to keep losses in line with risk tolerance.

Disciplinary Information

There have been no disciplinary events against White Lighthouse Investment Management Inc. or any of its current or former advisory personnel.

Other Financial Industry Activities and Affiliations

In addition to White Lighthouse Investment Management Inc., Jonathan also owns and works in the related firm White Lighthouse Investment Management SARL which is registered with the SEC and is in the licensing process with FINMA in Switzerland. White lighthouse Investment Management Inc. has a representative office in Lausanne Switzerland registered with FINMA.

Jonathan Lachowitz was formerly [2011 – 2016] on the board and is currently a member of the SFPO (Swiss Financial Planning Organization). SFPO is, authorized by the FPSB (Financial Planning Standards Board) in Washington, DC to grant the CFP(R) marks in Switzerland. Jonathan

resigned from the board voluntarily due to time constraints and remains a member of SFPO in good standing.

In 2014, Jonathan Lachowitz joined the Advisory Board of OnShore Wealth S.A., a Swiss Registered Independent Asset Management Firm. In January 2019, OnShore Wealth S.A. was renamed OnSa Advisors SA. Jonathan receives no compensation for this role and has no expectation of client referrals.

From 2014 – 2016, Jonathan wrote numerous personal financial articles for The Wall Street Journal and in 2019 and 2020 wrote for Bloomberg, both on an unpaid basis.

Jonathan occasionally taught at IMD Business School in Lausanne and for ESCP, a French Business School with several campuses in Europe. The material presented is generally of a financial planning nature.

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

We have never participated or had an interest in trades to or from a client account or between existing client accounts. Trades are made on the open markets. While we do personal trading, our portfolios consist primarily of mutual funds, ETF's, and large capitalization stocks (e.g. Johnson & Johnson, Microsoft, etc.). Our personal trades, other than mutual funds, are documented and reviewed periodically.

We may buy or sell the same securities as those owned by our clients. These are generally widely held stocks, mutual funds, or ETFs and based on the size of the trades in both client and our personal accounts we don't believe we can have any influence over pricing and the markets.

Investing in the same securities as clients' accounts is a potential conflict of interest but we feel that since we almost exclusively invest in high capitalization securities, mutual funds, or ETFs in the public markets the conflict is minimal at best.

White Lighthouse Investment Management Inc. has its own written code of ethics which includes the complete CFP(R) Board's Standards of Professional Conduct. A copy of this is available upon request by any client or prospective client.

We have structured our business to minimize conflicts of interest. We receive no commission and referral fees from other professionals or institutions, and we provide services under the fiduciary standard, meaning that we provide advice that is in the best interest of the client, even when it conflicts with our own. If a conflict of interest arises, we disclose it to our clients.

Brokerage Practices

We will consider any broker and could potentially work with any broker that clients are already working with or may wish to work with. We recommend brokers based on their technical ability to deliver information about accounts and investments, their ability to work with our clients in their country of residence and based on their reporting capabilities.

We also consider the research available to both us and clients. We recommend to our clients to open accounts at Charles Schwab and Co Inc. (Schwab), Pershing (through Papamarkou), Fiduciary Trust or Interactive Brokers. The majority of our clients have their assets in custody with Charles Schwab & Co, Inc. A few of our clients have accounts at other brokerage houses of their choosing.

We do not receive any products or services from Schwab, Pershing or any other brokerage firm that would not fall under the safe harbor rules. Brokers do provide some minimal research we can access, such as performance statistics on mutual funds. The convenience and service provided by Schwab, both for us and for our clients, have induced us to do much of our business there. While there are some companies that may offer lower fees that trade off in service does not warrant a change, in our opinion.

We receive some free information from Schwab and other brokers, and we use very little of this data on a day-to-day basis. Their information does not impact our recommending of Schwab or other brokerage firms as the brokerage services what we use. It is possible that directing clients to Schwab or another brokerage firm may cost our clients more than some other services that are available elsewhere, but we feel that their services, convenience, and technology platform are worth the extra cost to our clients. While we could recommend a broker based on the services they offer to us, we have not done that.

Review of Accounts

All client accounts are reviewed by an investment manager on a periodic (at least quarterly) basis and specifically based on market conditions or significant changes in a client profile or cash deposits or withdrawals.

Client reports are available to each client through the client's secure portal on a quarterly basis and include account holdings, performance reports, and a billing statement. Reports consist of account summary showing beginning and end values and interest and dividends received, and performance review showing relationship-to-date, 5-year, 3-year, 1-year, and quarter performance with Return on Investment information.

Portfolio statements show in graph format the classes of assets held, followed by a specific breakdown of securities held, including cost basis and current market value. A report showing the management fees broken down by the client's individual accounts and a total is included, followed by a comprehensive performance report for each security held in the client accounts.

Client Referrals and Other Compensation

We gladly accept client referrals from existing clients and other professionals though may, at our discretion, choose not to work with these prospective clients.

We pay for referrals on a limited basis to OnSa Advisor S.A. (formally known as OnShore Wealth Management) in Lausanne, Switzerland and Rubin and Rudman LLP in Boston, Ma. This is generally for high-net-worth clients with complex situations where White Lighthouse Investment Management Inc. serves as the Investment Manager for US-based investments. This currently applies to less than 10 clients.

We do not get compensated by any institution or individual for any client's referrals we may make to them.

Custody

We use independent custodians and have limited custody of client assets to the extent that they allow us to debit our investment management fees from their accounts.

Clients receive statements from us on a quarterly basis and from Schwab or the other brokerage firms either monthly or quarterly. It is recommended that clients review and compare these reports and notify us of any discrepancies. Clients can independently access their accounts, statements, and transactions any time online at the custodians we use.

For their convenience, clients can give us limited authority to transfer assets between their own accounts. This authority is exclusively at the custodian Charles Schwab and Company and follows the 7 requirements of the SEC to not require an annual audit.

Investment Discretion

The firm has investment discretion for almost all the accounts that we manage, with a limited power of attorney to buy and sell on the client's behalf, in accounts titled in the name of the clients or for their benefit. Investment management fees are a percent of assets under management and/or fixed quarterly fee [often with a minimum quarterly/annual fee] and can include ancillary financial planning advice generally related to the financial and investment goals of the client and their families.

Occasionally, we may give investment management advice to clients for accounts that are not managed by us. This advice is generally in the context of comprehensive wealth management and may include investment selection in client retirement accounts not able to be managed by us, or more general investment allocation recommendations. Generally, no individual securities are recommended, outside of client's retirement accounts we are not able to manage, where we do not have discretionary management over the client's investments.

Analysis consists generally of investment/asset allocation across several different investment classes based on the client's risk tolerance, which is formulated based on client interviews, goals and objectives, and a risk profiling questionnaire.

Decision makers in investment allocation at White Lighthouse Investment Management Inc must have a CFP(R) qualification or comparable experience and licensing to make investment trades for clients.

Voting Client Securities

Most clients choose to give us authority to vote proxies for their convenience. Other choose to retain the responsibility to vote proxies on the securities they own in their accounts. When clients delegate proxy voting to us, most of the time we vote with the management of the individual companies and funds.

Clients can request copies of written proxies or can ask us how we voted on those that are submitted electronically. Clients may direct us to vote in a specific manner at their discretion. Since our personal equity holdings are in large capitalization stocks, we perceive no conflict of interests in our voting versus our clients' instructions. In the ShareFile system under the Public folder clients can see how proxies were voted. Clients can also call or email us if they choose to vote themselves. White Lighthouse Investment Management Inc. has a proxy policy which is available electronically to all clients and is available upon request.

Financial Information

Since we do not have the ability to withdraw client assets [other than our fees, which are generally in arrears or on a non-refundable basis] our financial situation would not have any impact on our clients' contractual obligations. While we do have discretionary authority over our clients' accounts, there are no incidences in which our financial condition would impact their trading activities. Therefore, we do not believe it is necessary for us to report on any of our financial information.

We may require pre-payments for some financial planning services, which are not refundable.

Requirements for State-Registered Advisers

White Lighthouse Investment Management Inc. is registered with the SEC and makes notice filings in the states of California, Connecticut, Texas, Florida, New York, North Carolina, and Massachusetts. It is not required to register with any state securities authority.

For the latest up-to-date information please see our filing on the SEC's website as occasionally this information changes with the SEC before the ADV 2A is updated.