



## FORM ADV PART 2A Brochure

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This brochure provides information about the qualifications and business practices of JLFranklin Wealth Planning, LLC. If you have any questions about the contents of this brochure, please contact us by telephone at 415.925.3400. The information in this brochure has not been approved or verified by the Securities and Exchange Commission (SEC), the State of California or any other regulator. Registration as an investment adviser does not imply any certain level of skill or training. Additional information about JLFranklin Wealth Planning, LLC is available at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Click on the "Investment Adviser Search" link and then search for "Firm" using the firm's CRD number, which is 131690.

## **Item 2 - MATERIAL CHANGES FROM PRIOR FORM ADV 2A**

In this Item, JLFranklin Wealth Planning is required to identify and discuss material changes since filing its last annual amendment. Since filing its last annual amendment on January 31, 2022, there have been no material changes to report.

## Item 3 - TABLE OF CONTENTS

FORM ADV PART 2A	1
Item 2 - MATERIAL CHANGES FROM PRIOR FORM ADV 2A	2
Item 3 - TABLE OF CONTENTS	3
Item 4 - ADVISORY BUSINESS	4
Item 5 - FEES AND COMPENSATION	8
Item 6 - PERFORMANCE-BASED FEES and SIDE-BY-SIDE MANAGEMENT	11
Item 7 - TYPES OF CLIENTS	12
Item 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES, RISK OF LOSS	13
Item 9 - DISCIPLINARY INFORMATION	15
Item 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS	16
Item 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING	17
Item 12 - BROKERAGE PRACTICES	18
Item 13 - REVIEW OF ACCOUNTS	24
Item 14 - CLIENT REFERRALS AND OTHER COMPENSATION	25
Item 15 - CUSTODY	26
Item 16 - INVESTMENT DISCRETION	27
Item 17 - VOTING CLIENT SECURITIES	28
Item 18 - FINANCIAL INFORMATION	29

## Item 4 - ADVISORY BUSINESS

### Item 4A

IA Registration Status - Since 1999; Registered with the State of California September 1999 through November 2005;  
Registered with the SEC November 2005 through December 2011  
Registered with the State of California August 2011 through August 2017  
Registered with the SEC July 2017 to present

Founding Principal - Joyce L. Franklin, CPA, CFP®

### Item 4B

#### ADVISORY SERVICES

##### Comprehensive Financial Planning

JLFranklin Wealth Planning, LLC (also referred to in this document as the “Firm” or “JLFranklin”) provides comprehensive financial planning services on either an hourly fee or fixed-fee basis. JLFranklin’s financial planning services may include a financial review and analysis of some or all of the following areas:

- Determining Financial Goals and Objectives
- Asset Allocation Review
- Retirement Plan Analysis
- Employee Stock Option Analysis
- Tax Projection and Planning
- Current Portfolio Review
- Education Funding Analysis
- Cost Audit of Current Investments
- Cash Flow Planning and Management Review
- Review of Insurance Needs
- Mortgage and Refinance Evaluation
- Estate Plan Review or Development
- Charitable (or social capital) Planning
- Opinion on Current Investment Strategy/Advisors

- Other financial or investment analysis

Typically, clients engaging the Firm to provide financial planning or financial consultation services without investment management are required to enter into a separate written agreement setting forth the terms and conditions of the planning engagement and describing the scope of the services to be provided. It is expected that financial planning clients will also be investment management clients of the Firm.

JLFranklin may recommend to its financial planning clients that they retain the Firm as their investment advisor to implement its recommendations and such recommendation may be viewed as a conflict of interest. Financial planning clients are under no obligation to act on the JLFranklin's recommendations. Moreover, if a client elects to act on any of the recommendations, the client is under no obligation to implement the transactions through JLFranklin.

### **Investment Management Services**

Our investment management services include, among other items, financial goal setting, risk assessment, strategic asset allocation and the selection and management of securities and investments. Client portfolios are often based on an asset allocation and investment policy statement developed in the context of an overall financial plan.

A client may make additions to and withdrawals from the client's portfolio account at any time, subject to the Firm's right to terminate an account if the amount of assets drops below our account size minimum. Clients may withdraw account assets with notice to the Firm, subject to the usual and customary securities settlement procedures. However, we design client portfolios as long-term investments and caution our clients that asset withdrawals may impair the achievement of the client's investment objectives.

Additions to an account may be in cash or securities provided that we may decline to accept particular securities into a client's account or may recommend that the security be liquidated if it is inconsistent with the Firm's investment strategy or the client's investment objectives. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

### **Quarterly Newsletter**

*The Wealth Planning Quarterly*<sup>™</sup>. The *Wealth Planning Quarterly* contains market commentary, a discussion of relevant tax planning issues and tax and financial planning tips. The *Wealth Planning Quarterly* is provided to clients and to friends of the Firm free of charge.

### **General Notice**

In performing its services, JLFranklin relies upon the information received from clients or from the client's other professional advisors, and is not required to independently verify such information. Clients must promptly notify us of any change in their financial situation or investment objectives that would necessitate a review or revision by our advisors of the client's portfolio and/or financial plan.

### **Item 4C**

The investment management services we provide are based on each individual client's financial circumstances and investment objectives. Our designated advisor meets with each

client to discuss the client's current financial condition and to review the client's current investment holdings. Based upon each client's circumstances, we determine an appropriate asset allocation for the client's investment portfolio, in accordance with the client's specific financial objectives and risk tolerance and in consideration of other factors, including the client's time horizon, liquidity needs (e.g. education funding, home purchase, retirement, legacy planning), and other available resources (including external retirement plans, projected Social Security, real estate, and insurance). Clients may identify any investment restrictions to be placed on their account. Each client's financial objectives, risk tolerance, and liquidity needs, along with a recommended asset allocation, are incorporated into an investment policy statement that is customized to and approved by the client.

#### **Item 4D**

The Firm does not provide portfolio management services to wrap fee programs offered by broker-dealers or others.

#### **Item 4E**

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act ("ERISA") and/or the Internal Revenue Code (the "Code"), as applicable, which are laws governing retirement accounts. JLFranklin charges an investment advisory fee based on a percentage of the market value of the investments held in each client's account. Since this asset-based fee creates a conflict of interest, we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. 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 yours 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 your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

A client leaving an employer typically has four options (and may engage in a combination of these options): 1) leave the money in his or her former employer's plan, if permitted, 2) roll over the assets to his or her new employer's plan, if one is available and rollovers are permitted, 3) rollover to an Individual Retirement Account (IRA), or 4) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences).

JLFranklin may recommend an investor roll over plan assets to an IRA managed by JLFranklin. As a result, JLFranklin may earn an asset-based fee; however, a recommendation that a client or prospective client leave their plan assets with their old employer will result in similar compensation.

There are various factors that JLFranklin may consider before recommending a rollover, including but not limited to: i) the investment options available in the plan versus the investment options available in an IRA, ii) fees and expenses in the plan versus the fees and expenses in an IRA, iii) the services and responsiveness of the plan's investment professionals

and customer support versus those of JLFranklin, iv) required minimum distributions and age considerations, and vi) employer stock tax consequences, if any. No client is under any obligation to roll over plan assets to an IRA managed by JLFranklin.

#### **Item 4F**

ASSETS UNDER MANAGEMENT AS OF December 31, 2022

Discretionary Assets - \$173,182,612, Non-discretionary Assets - \$0

#### **TERMINATION OF AGREEMENT**

Clients or the Firm may terminate the relationship upon written notice to the other party. Any earned investment management fees owed to the Firm will be billed to the client, or where authorized, deducted from the client's account, on a pro rata basis determined by the amount of time expired in the billing period. Any unearned prepaid financial planning or financial consultation fees will be refunded to the client. Any unpaid financial planning or consultation fees will be billed to the client for immediate payment or deducted from the client's fees paid in advance.

If a copy of this Form ADV Part 2A disclosure statement was not delivered to the client prior to or simultaneous with a client entering into a written advisory contract with Advisor, then the client has the right to terminate the contract without penalty within five (5) business days after entering into the contract. For purposes of this provision, a contract is considered entered into when all parties to the contract have signed the contract. If the client terminates the contract on this basis, all fees paid by the client will be refunded. Any transaction costs imposed by the executing broker or custodian for establishing the custodial account or for trades occurring during those five days are non-refundable.

# **Item 5 - FEES AND COMPENSATION**

## **FINANCIAL PLANNING AND CONSULTATION FEES**

Fees for financial planning and financial consultations typically are based upon hourly rates that range from \$130 to \$550 per hour, depending upon the work requested and the Firm representative performing the work. We have established a minimum financial planning fee of \$10,000. Under certain circumstances, and in its sole discretion, JLFranklin may negotiate an alternative financial planning fee. The hourly rates are negotiable.

Under certain circumstances, financial planning or consultation services are offered on a fixed fee basis, also ranging between \$10,000 and \$25,000. Fixed fees are charged at rates individually negotiated with a client. Fixed fees for comprehensive financial planning services typically range from \$10,000 to \$25,000 depending upon the complexity of the client's financial circumstance and needs of the client.

Clients customarily authorize JLFranklin to deduct the financial planning fee in quarterly installments directly from the client's custodial account. For new clients, compensation is payable in two installments; the first installment is paid prior to our commencement of work, and the final payment, including the balance of our professional fees, expenses and out-of-pocket costs, will be made following our delivery of the written summary of financial planning conclusions.

In the event the Firm requires the up-front payment of any fee, the Firm will not hold such fee for more than six months.

## **ADVISORY FEES**

For its investment management clients, JLFranklin charges a fee based on a percentage of the market value of the investments held in each client's account. Assets in the account are included in the fee assessment unless specifically identified in writing for exclusion. The annual management fee prorated and billed every three months, in arrears. The Firm has established a minimum \$15,000 annual investment management fee per client relationship. Under certain circumstances, and in its sole discretion, JLFranklin may negotiate an alternative investment management fee.

The initial financial planning fee is separate from and in addition to the annual investment management fee. However, ongoing financial planning services are included in ongoing annual investment management fees.

The management fee is computed on the last day of the billing period by determining the market value of the account using the following guidelines: (a) for marketable securities: the current market price provided by custodian; (b) for securities for which there exists no active market (such as real estate, gas and oil, or other illiquid securities), by using such information as JLFranklin shall in good faith deem relevant to determine the value thereof, or in the absence of such information, at cost; and (c) for cash or equivalents, at dollar value.

Unless otherwise negotiated between the Firm and the client, the annual fee is calculated according to the following standard fee schedule:



Value of Account Assets	Annual Fee Rate
On the market value of account up to \$2,000,000	1.00% plus
On the market value of account above \$2,000,000 up to \$5,000,000	0.80% plus
On the market value of account above \$5,000,000 up to \$10,000,000	0.70% plus
On the market value of account above \$10,000,000 up to \$25,000,000	0.60% plus
On the market value of account above \$25,000,000	0.50%

Clients customarily authorize JLFranklin to deduct the quarterly investment advisory fee directly from the client's custodial account. This authorization is granted under the terms of the client's signed investment management agreement and the client's instructions to the custodian. It is the client's responsibility to verify the accuracy of the fee calculation, as the custodian will not determine whether the fee is properly calculated.

At the discretion of the Firm, clients may arrange to pay their fee directly to the Firm. Under this arrangement, payment is due upon client's receipt of our billing invoice.

To the extent that a client authorizes the use of margin, and margin is thereafter employed, the market value of the client's account and corresponding fee payable by the client to JLFranklin may be increased. As a result, in addition to understanding and assuming the additional principal risks associated with the use of margin, clients authorizing margin are advised of the potential conflict of interest whereby the client's decision to employ margin may correspondingly increase the management fee payable to the Firm. Accordingly, the decision as to whether to employ margin is left to the sole discretion of client. Clients employing margin are advised that the margin balance is not deducted when calculating the quarterly advisory fee.

#### **GENERAL FEE DISCLOSURES**

The client's fee is determined in accordance with the above fee structures, with exceptions negotiated on a case-by-case basis at the Firm's discretion. Any deviations from the fee structure are based upon a number of factors including the amount of work involved, the amount of assets placed under management and the attention needed to manage the account.

We believe our investment management fees are competitive with the fees charged by other investment advisors in the San Francisco Bay area for comparable services. However, comparable services may be available from other sources for lower fees than those charged by JLFranklin.

JLFranklin receives no commissions on investment products purchased or sold for client accounts.

#### **CUSTODIAN AND BROKERAGE FEES**

Investment management clients incur certain charges imposed by their custodians and other third parties such as custodial fees, deferred sales charges, odd-lot differentials, transfer

taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, clients will incur charges by the executing broker-dealer in the form of brokerage commissions and transaction fees on the investment transactions entered into for their account(s). All of these charges, fees and commissions are in addition to JLFranklin's investment management fee.

## **FUND DISCLOSURES**

Mutual funds, closed-end funds, exchange traded funds and alternative investment funds are investment vehicles; the investment strategies, objectives and types of securities held by such funds vary widely. In addition to the advisory fee charged by JLFranklin, clients indirectly pay for the expenses and advisory fees charged by the funds in which their assets are invested.

All such funds incur operating expenses in connection with the management of the fund. Investment funds pass some or all of these expenses through to their shareholders (the individual investors in the funds) in the form of management fees. The management fees charged vary from fund to fund. In addition, funds and custodians charge shareholders (individual investors in the funds) other types of fees such as early redemption or transaction fees. These charges also vary widely among funds. As a result, clients will still pay management fees and other, "indirect" fees and expenses as charged by each mutual fund (or other fund) in which they are invested.

JLFranklin is neither the investment advisor to nor general partner of any mutual fund, closed-end fund, ETF or limited partnership fund and so does not receive any such management or indirect fees paid to such funds by their investors.

Clients are provided a copy of a fund prospectus for each fund in which they invest by their custodian or by the fund sponsor rather than by JLFranklin. As required by law, a prospectus represents the fund's complete disclosure of its management and fee structure. In addition, a fund's prospectus can be obtained directly from the fund.

## **Item 6 - PERFORMANCE-BASED FEES and SIDE-BY-SIDE MANAGEMENT**

No part of JLFranklin's investment management fee is based upon capital gains or the capital appreciation of assets.

## Item 7 - TYPES OF CLIENTS

Our clients include individuals and high net worth individuals and their trusts and estates and related entities.

For financial planning clients, we have established a \$10,000 minimum financial planning fee. For investment management clients, we have established a \$15,000 minimum annual management fee and a \$1.5 million minimum value of assets requirement, although multiple accounts for the same client may be aggregated to meet this minimum. These minimums may be altered or waived at the Firm's discretion. As a result of the minimum fee and minimum account size requirements, our services may not be appropriate for everyone. Particularly for smaller accounts, other financial planners or investment advisors may provide somewhat similar services for lower compensation, although still others may charge more for similar services.

## **Item 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES, RISK OF LOSS**

### **METHODS OF ANALYSIS**

Before designing investment plans for clients, JLFranklin will evaluate the client's current investments to determine whether the client's goals harmonize with the client's financial objectives. In designing investment plans for clients, JLFranklin relies upon the information supplied by the client and client's other professional advisors. Such information may pertain to the client's financial situation, estate planning, tax planning, risk management, short-term and long-term financial goals and objectives, investment time horizon, and perceived current tolerance for risk. JLFranklin will design and propose a portfolio to help clients attain their financial goals.

The information gathered will become the basis for the strategic asset allocation plan which JLFranklin believes will best meet the client's stated personal financial goals. The strategic asset allocation includes investments in those asset classes which JLFranklin believes will possess attractive combinations of return, risk, and correlation over the long term.

The investment advice provided rests on four principles:

1. Financial markets are extremely efficient.
2. Risk and return are related.
3. Broad global diversification is the best way to allocate assets.
4. Investor discipline is crucial for remaining exposed and allocated to the markets.

JLFranklin believes these are the keys to a successful investment experience.

We do not believe in traditional active investment management practices such as stock picking and market timing. This philosophy and the strategy implemented rests upon the body of academic research known as Modern Portfolio Theory, which focuses on maintaining a long-term perspective and capturing the returns offered by the financial capital markets.

As one source of market information, we rely on research provided by Dimensional Fund Advisors. Based on such research, we continuously monitor and revise our investment recommendations.

### **INVESTMENT STRATEGY**

JLFranklin believes that passive mutual funds provide low-cost exposure and broad, global diversification. Our investment strategy relies primarily on equity and fixed income mutual funds, and exchange-traded funds (ETFs). The Firm relies on no-load mutual funds and ETFs for implementing client equity allocations.

We do not manage individual equity portfolios or perform individual equity security analysis. As a service for clients, we may report on individual equity securities previously purchased by the client. However, the Firm's designated advisor does not actively monitor these individual equity positions.

## INVESTMENT RISKS

All securities investments carry risk, including the risk that an investor may lose a part or all of his or her initial investment. Risk refers to the uncertainty that the actual return the investor realizes could differ from the expected return. Risks may be systematic, referring to factors that affect the returns on all comparable investments and that affect the market as a whole. Systematic risks include market risk, interest rate risk, reinvestment rate risk, purchasing power risk and exchange rate risk. Unsystematic risks depend on factors that are unique to the specific investment security. These risks include business risk and financial risk.

Here are some of the general risks associated with parts of our investment strategy:

**Short-term purchases** - on occasion, generally only for tax management purposes, we may determine to buy or sell securities in a client's account and hold them for less than a year. Some of the risks associated with short-term trading that could affect investment performance are increased commissions and transaction costs to the account and increased tax obligations on the gains in a security's value.

**Bond Pricing** - The price of bonds depends in part on the current rate of interest. Rising interest rates decrease the current price of bonds because current purchasers require a competitive yield. As such, decreasing interest rates increase the current value of bonds with associated decrease in bond yield. We may decide to exchange to a lower or higher duration bond or to another asset class due to interest rate risk that could affect investment performance.

**Price Fluctuation** - Security prices do fluctuate (except for cash or cash equivalents) and clients must accept that risk associated with the fluctuations or change to a more appropriate investment portfolio in alignment with their risk tolerance.

**Reinvestment of Dividends** - We will reinvest interest, dividends and capital gains as appropriate to accumulate wealth based on factors such as ongoing cash needs and tax-loss harvesting opportunities. This is an appropriate strategy for a portfolio designed for capital growth. However, the reinvested income (or payment of income to cash) could result in a lower or a higher rate of return than was initially projected. Investment income may not be reinvested in taxable accounts, to leave open the opportunity for tax loss harvesting without violating the wash sale rule.

**Mutual Funds with Foreign Asset Holdings** - Any investments in mutual funds that make foreign investments are subject to uncertainty with changes in the foreign currency value, unless they are hedged back to the U.S. Dollar. Non-hedged holdings would cause the client to bear more risk and subsequently may earn a substantially higher return or a substantially lower return than projected.

**Margin Trading** - In some cases, and generally only for short term financing considerations, clients may elect to assume a margin balance on their investment account. The client's custodian may require a percentage of assets under management to be pledged as collateral for the margin amount. Clients risk that in a falling market, the pledged collateral will be insufficient to cover a margin call by their custodian. Other than short term margin for trade settlement purposes, all margin decisions are left to the client.

## **Item 9 - DISCIPLINARY INFORMATION**

JLFranklin has no disciplinary history and consequently, is not subject to any disciplinary disclosures.

## **Item 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

JLFranklin is an independent investment advisor, unaffiliated with any other financial institution or securities dealer or issuer. Neither JLFranklin nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer. Neither JLFranklin nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities. Although we recommend that our clients custody their investment accounts at Charles Schwab & Co., Inc. ("Schwab"), we have no affiliation with Schwab, do not supervise its brokerage activities and are not subject to its supervision.

Although we may refer our clients to other professionals such as attorneys, tax preparers, or insurance brokers for estate planning or other matters, neither the Firm nor its principals or employees are affiliated with any law firm, accounting firm or insurance brokerage firm.



## **Item 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

JLFranklin, its employees and their immediate families (sometimes collectively “employees”) are permitted to buy and sell securities for their personal investment accounts. The Firm has adopted employee personal trading policies and procedures and a code of ethics to govern proprietary (on behalf of the Firm itself) and employee trading practices. Employees with access to the Firm’s investment decision-making and trading activities are required to report all personal securities transactions on a regular basis. All personnel are required to abide by the Firm’s personal trading practices and code of ethics. JLFranklin’s employee personal trading policies and code of ethics are made available to clients and prospective clients upon request.

Employees may trade in the same securities traded for clients. However, it is Firm policy not to give preference to orders for personnel associated with the Firm regarding such trading. Employees may personally invest in the same securities that are purchased for client trading accounts and may own securities that are subsequently purchased for client accounts. If purchased or sold on different days, it is possible that employees’ personal transactions might be executed at more favorable prices than were obtained for clients.

Employees may buy or sell different investments, based on personal investment considerations, which the Firm may not deem appropriate to buy or sell for clients. It is also possible that employees may take investment positions for their own accounts that are contrary to those taken on behalf of clients. Employees may also buy or sell a specific security for their personal account based on personal investment considerations aside from company or industry fundamentals, which are not deemed appropriate to buy or sell for clients. If these securities subsequently appreciate, these personal transactions could be viewed as creating a conflict of interest.

Conversely, employees may liquidate a security position that is held both for their own account and for the accounts of Firm clients, sometimes in advance of clients. This occurs when personal considerations (i.e., liquidity needs, tax-planning, asset allocation weightings) deem a sale necessary for individual financial planning reasons. If the security subsequently falls in price, these personal transactions could be viewed as a conflict of interest.

# Item 12 - BROKERAGE PRACTICES

## RECOMMENDATION OF SCHWAB AS CUSTODIAN AND EXECUTING BROKER

JLFranklin does not maintain physical custody of client assets that we manage, although we are deemed to have custody of client assets, as we are given authority to withdraw investment management fees from client accounts, have been authorized by certain clients to disburse funds to a third-party pursuant to a standing letter of authorization, and are authorized to log into certain clients' held-away accounts solely for purposes of placing trades (see "Item 15 - Custody"). Client assets must be maintained in an account at a "qualified custodian," generally a broker/dealer or bank. JLFranklin recommends that clients establish brokerage accounts with Charles Schwab & Co., Inc. ("Schwab"), a registered broker-dealer, member SIPC, as the qualified custodian. Schwab is independently owned and operated and not affiliated with JLFranklin and does not supervise or otherwise monitor JLFranklin's investment management services to its clients. Schwab will hold client assets in a brokerage account and buy and sell securities when we instruct them to do so. While we recommend that clients use Schwab as custodian/broker, the client will decide whether or not to do so; if using Schwab as the custodian, the client will open an account(s) with Schwab by entering into an account agreement directly with them. JLFranklin does not open the account for the client, although we may assist the client in doing so.

Even though an account is maintained at Schwab, we can still use other brokers to execute trades for an account as described below (see "Your Brokerage and Custody Costs").

### How We Select Brokers/Custodians

JLFranklin seeks to recommend a custodian/broker who will hold client assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. JLFranklin considers a wide range of factors, including:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for an account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds (ETFs), etc.).
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.)
- Reputation, financial strength, and stability

- Prior service to us and our other clients
- Availability of other products and services that benefit us, as discussed below (see *“Products and Services Available to Us From Schwab”*)

### **Client Brokerage and Custody Costs**

For clients’ accounts that Schwab maintains, Schwab generally does not charge clients separately for custody services but is compensated by charging clients commissions or other fees on trades that it executes or that settle into a client’s Schwab account. In addition to commissions, Schwab charges clients a flat dollar amount as a “prime broker” or “trade away” fee for each trade that JLFranklin has executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into the client’s Schwab account. These fees are in addition to the commissions or other compensation the client pays the executing broker-dealer. Because of this, in order to minimize trading costs, JLFranklin has Schwab execute most trades for the client accounts. JLFranklin has determined that having Schwab execute most trades is consistent with our duty to seek “best execution” of client trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see *“How We Select Brokers/Custodians”*).

### **Products and Services Available to Us From Schwab**

Schwab Advisor Services™ is Schwab’s business serving independent investment advisory firms like JLFranklin. Schwab Advisor Services provides the Firm’s clients with access to its institutional brokerage—trading, custody, reporting, and related services—many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help JLFranklin manage or administer our clients’ accounts, while others help us manage and grow the Firm’s business. Schwab’s support services generally are available on an unsolicited basis and at no charge to us. The availability of products and services is not based on us giving particular investment advice, such as buying particular securities for our clients. Following is a more detailed description of Schwab’s support services:

#### **Services That Benefit Clients**

Schwab’s institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which JLFranklin might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab’s services described in this paragraph generally benefit the client and the client’s account.

#### **Services That May Not Directly Benefit Clients**

Schwab also makes available to JLFranklin other products and services that benefit us but may not directly benefit the client or the client’s account. These products and services assist JLFranklin in managing and administering our clients’ accounts. They include investment research, both Schwab’s own and that of third parties. JLFranklin may use this research to service all or a substantial number of our clients’ accounts, including accounts not maintained at Schwab.

In addition to investment research, Schwab also makes available software and other technology that:

- Provides access to client account data (such as duplicate trade confirmations and account statements)
- Facilitates trade execution and allocates aggregated trade orders for multiple client accounts
- Provides pricing and other market data
- Facilitates payment of JLFranklin fees from our clients' accounts
- Assists with back-office functions, recordkeeping, and client reporting

#### Services That Generally Benefit Only JLFranklin

Schwab also offers other services intended to help JLFranklin manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers
- Marketing and consulting support

In certain situations, Schwab will directly provide some of these services. In other cases, Schwab will arrange for third-party vendors to provide the services to JLFranklin. Schwab retains the discretion to discount or waive its fees for some of these services or pay all or a part of a third party's fees. From time to time, Schwab will also provide JLFranklin with other benefits, such as occasional business entertainment of our firm's personnel.

JLFranklin uses Schwab as the primary custodian for managed accounts and for some monitored accounts. Through Schwab, JLFranklin executes trades for the purchase and sale of individual securities, mutual fund shares, and CDs. Individual bonds may be purchased and sold through other bond dealers, but are held at Schwab ("traded away").

JLFranklin employees attend educational conferences and events on topics that are relevant for the firm, and receive free publications (electronic and hard copy) of topical interest, from Schwab and from other publishers.

JLFranklin is also eligible for discounts on certain professional software applications, specifically, portfolio rebalancing software and financial planning software.

#### JLFranklin's Interest in Schwab's Services

Schwab provides JLFranklin with access to its institutional trading and custody services, which typically are not available to Schwab retail investors. These services generally are available to

independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets is maintained in accounts at Schwab, but are not otherwise contingent upon JLFranklin committing to Schwab any specific amount of business (in the form of either assets in custody or trading). Schwab's services include brokerage, custody, research and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

Schwab also makes available to JLFranklin other products and services that benefit the Firm but may not benefit its clients. Some of these other products and services assist us in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements); facilitation of trade execution (and allocation of aggregated trade orders for multiple client accounts); providing research, pricing information and other market data; facilitating payment of management fees from its clients' accounts; and assistance with back-office functions, recordkeeping and client reporting. Many of these services generally are used to service all or a substantial number of our client accounts, including accounts not maintained at Schwab. Schwab also makes available other services intended to help JLFranklin manage and further develop its business. These services include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. In addition, Schwab retains the authority to make available, arrange and/or pay for these types of services to JLFranklin by independent third parties. Schwab retains the authority to discount or waive fees it otherwise would charge for some of these services or pay all or a part of the fees of a third-party providing these services to JLFranklin.

Our recommendation that clients maintain their assets in accounts at Schwab may be based in part on the benefit to the Firm of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which creates a potential conflict of interest. JLFranklin addresses this conflict of interest by fully disclosing it in this brochure, evaluating Schwab based on the value and quality of its services as realized by clients, and by periodically evaluating alternative custodial broker-dealers to recommend.

## **DIRECTED BROKERAGE**

In a limited number of cases, clients may elect to custody their accounts or to direct JLFranklin to place all orders for securities transactions with a specific broker-dealer (directed brokerage). In these cases, JLFranklin is not obligated to, and will generally not solicit competitive bids for each transaction or seek the lowest commission rates for the client. As such, the client may pay higher commission costs, higher security prices and transaction costs than it otherwise would have had it not directed JLFranklin to trade through a specific broker. In addition, the client may be unable to obtain the most favorable price on transactions executed by JLFranklin as a result of JLFranklin's inability to aggregate/bunch the trades from this account with other client trades.

Furthermore, the client may not be able to participate in the allocation of a security of limited availability (such as an IPO) for various reasons, including if those new issue shares are provided by another broker or dealer. As a result of the special instruction, JLFranklin may not execute client securities transactions with brokers that have been directed by clients

until non-directed brokerage orders are completed. Accordingly, clients directing brokerage may not generate returns equal to clients that do not direct brokerage.

Due to these circumstances, there may be a disparity in commission rates charged to a client who directs JLFranklin to use a particular broker and performance and other differences from other similarly managed accounts. Clients who direct brokerage should understand that similar brokerage services may be obtained from other broker-dealers at lower costs and possibly with more favorable execution.

## **BEST EXECUTION**

JLFranklin is not obligated to obtain the best net price or lowest brokerage commission on any particular transaction. Rather, federal law requires investment managers to use their reasonable best efforts to seek the most favorable execution for each transaction executed on behalf of client accounts.

In selecting broker-dealers, our primary objective is to seek the best execution. Expected price, giving effect to brokerage commissions, if any, and other transaction costs, are principal factors, but the selection also takes account of other factors, including the execution, clearance and settlement capabilities of the broker-dealer, the broker-dealer's willingness to commit capital, the broker-dealer's reliability and financial stability, the size of the particular transaction and its complexity in terms of execution and settlement, the market for the security, the value of any research and other brokerage services provided by the broker-dealer, and the cost incurred by placing prime brokerage trades in client accounts.

Based upon an evaluation of some or all of these factors, we may execute client trades through broker-dealers that charge fees that are higher than the lowest available fees. We may select broker-dealers whose fees may be greater than those charged for similar investments if the Firm determines that brokerage services and research materials provided by that broker-dealer warrant the payment of higher fees.

The Firm's designated advisor reviews transaction results periodically to determine the quality of execution provided by the various broker-dealers through whom JLFranklin executes transactions on behalf of clients.

## **AGGREGATION OF TRADES AND POTENTIAL CONFLICTS**

When it is determined to be in the best interests of the participating clients, the Firm may aggregate transaction orders on behalf of multiple clients and allocate the securities or proceeds on an average price basis among the various participants in the transactions. While we believe combining transaction orders in this way should, over time, be advantageous to all participants, in particular cases the average price could be less advantageous to a particular client than if such client had been the only client effecting the transaction or had completed its transaction before the other participants. There may be circumstances in which transactions on behalf of the Firm or its associated persons may not, under certain laws and regulations, be combined with those of some of the Firm's other clients. In such cases, neither the Firm nor any associated person will implement transactions in a security on the same day as clients until after the clients' transactions have been executed.

When orders are aggregated, the price paid by each account is the average price of the order. Transaction costs are allocated to each client by the client's custodian according to the client's custodial agreement. It is our policy that trades are not allocated in any manner that favors one group of clients over another over time. Client transactions may be aggregated

according to custodial relationships in consideration of “trade away” charges that may be imposed if trades are directed to a non-custodial broker-dealer for execution. Aggregated trades placed with different executing brokers may be priced differently.

The Firm and/or its associated persons may participate in such aggregated orders along with clients.

#### **ALLOCATION OF OPPORTUNITIES AND POTENTIAL CONFLICTS**

Because we manage more than one client account, there may be a conflict of interest related to the allocation of investment opportunities among all accounts managed by the Firm. We attempt to resolve all such conflicts in a manner that is generally fair to all of clients over time. We may give advice and take action with respect to any one of our clients that may differ from advice given or the timing or nature of action taken with respect to any other client based upon individual client circumstances. It is our policy, to the greatest extent practicable, to allocate investment opportunities over a period of time on a fair and equitable basis relative to all clients. The Firm is not obligated to acquire for any client account any security that the Firm or its owners, officers, employees or affiliated persons may acquire for their own accounts or for the account of any other client, if in the discretion of the designated advisor, based upon the client’s financial condition and investment objectives and guidelines, it is not practical or desirable to acquire a position in such security for that account.

## Item 13 - REVIEW OF ACCOUNTS

All accounts under management are monitored on a continuous basis by Joyce Franklin, CPA, CFP®, Principal and Senior Wealth Planner and/or Tarren Schaar, CFP®, Wealth Planner. Mr. Schaar may suggest trading recommendations which are reviewed and approved by Ms. Franklin, and Ms. Franklin may suggest trading recommendations which are reviewed and approved by Mr. Schaar. Account holdings are generally reviewed monthly. Asset allocations are reviewed at least annually. Reviews determine consistency with the Firm's investment strategy and with client investment objectives. Ms. Franklin and Mr. Schaar review asset class allocations, cash positions and other account factors. Portfolio adjustments may be required due to client investment guideline changes, client deposits and withdrawals and client liquidity needs. Additionally, client accounts are reviewed in response to changes in the financial markets and/or changes in the Firm's investment strategy.

The Firm generally sends investment management client account reports to clients on a quarterly basis with information about securities held in their account, current valuations and asset allocation. Clients may opt to receive reports annually instead of quarterly.

A comprehensive assessment of financial plans is recommended at least annually. Reports related to financial planning, such as long term financial projections and cash flow, are normally provided during annual review meetings or as requested by the client.

Brokerage account statements list all positions and detail investment transactions, and are sent directly from the custodian of the client's account on at least a quarterly basis. Forms 1099 for tax reporting are also sent annually by the custodian, where appropriate.



## **Item 14 - CLIENT REFERRALS AND OTHER COMPENSATION**

JLFranklin may enter into arrangements with another professional for the joint provision of services to a client, but there is no sharing of related compensation as of the date of this Brochure. All such future arrangements and compensation would be fully disclosed to clients prior to their execution of an advisory agreement with JLFranklin.

JLFranklin does not pay referral fees to third party firms or individuals for recommending the Firm to prospective clients. We do not direct brokerage transactions to any broker-dealer in exchange for receiving client referrals.

JLFranklin receives an economic benefit from Schwab in the form of the support products and services it makes available to JLFranklin and other independent advisors who maintain their accounts at Schwab. In addition, Schwab has also agreed to pay for certain products and services for which the firm would otherwise have to pay full price. These products and services, how they benefit JLFranklin, and the related conflicts of interest are described above (see “Item 12-Brokerage Practices”).

From time to time, JLFranklin receives non-monetary benefits from one of the mutual fund companies that it implements into client accounts, Dimensional Fund Advisors. Such benefits can include, for example, asset allocation recommendations, risk and return analyses, and portfolio enhancement advice. Such benefits are not conditioned on any level of investment by JLFranklin clients into the mutual funds sponsored by Dimensional Fund Advisors, but this creates a conflict of interest that JLFranklin mitigates by evaluating Dimensional Fund Advisors independent of any benefits it receives, and by implementing investments into client accounts only to the extent they are in the best interests of clients.

## Item 15 - CUSTODY

JLFranklin does not maintain physical custody of client funds or securities. Clients are required to set up their investment accounts with a “qualified custodian,” namely a broker dealer, bank or trust company. Each client has a direct relationship with their custodian and is responsible for making deposits to and withdrawals from their account as necessary. However, the Firm is given the authority to receive payment of its management fees directly from the account and, for certain clients, is authorized to transfer money out of the account to a third party pursuant to a standing letter of authorization and/or is authorized to log in to such clients’ held-away accounts solely for purposes of placing trades. Due to JLFranklin’s ability to log in to certain clients’ held-away accounts, JLFranklin undergoes a surprise examination by an independent public accounting firm on an annual basis.

### **Disclosures Related to Custodians**

Schwab acts as custodian and executing broker-dealer for most of JLFranklin clients and maintains actual custody of client assets. Schwab is independently owned and operated and not affiliated with JLFranklin and does not supervise or otherwise monitor our investment management services to our clients.

For JLFranklin client accounts maintained in its custody, Schwab generally does not charge separately for custody but is compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through Schwab or that settle into client accounts that are held with Schwab. In most cases, trade executions for client accounts custodied at Schwab will be made by Schwab to avoid “trade away” charges otherwise imposed for trades executed at other broker-dealers. In cases where a desired security is not available for purchase or sale through the custodial broker, and in light of our best execution evaluation, certain executions may be made at a different broker-dealer.

Schwab sends account statements directly to the client (or to an independent third party representative designated by the client), no less than monthly, showing all funds and securities held, their current value and all transactions executed in the client’s account, including the payment to JLFranklin of its investment management fees. If you are a client and are not receiving at least quarterly custodial account statements, please contact the Firm at the number on the cover page of this brochure. If a client receives account statements from both the custodial broker-dealer and JLFranklin or a third-party report provider, client is urged to compare such account statements and advise JLFranklin of any discrepancies between them.

## Item 16 - INVESTMENT DISCRETION

Clients appoint JLFranklin as their investment advisor and grant full trading and investment authority over their assets at the time they establish their investment accounts. Subject to the Firm's investment strategy and the client's investment objectives, our designated advisors are given full discretion to determine:

1. Types of investments;
2. Which securities to buy;
3. Which securities to sell;
4. The timing of any buys or sells; and
5. The amount of securities to buy or sell.

This discretion may be limited by client investment guidelines and by any investment restrictions set by the client. Where possible, the Firm will attempt to negotiate the commission rates at which transactions for client accounts are affected, with the objective of attaining the most favorable price and market execution for each transaction.

Client securities transactions generally are executed through the custodian of their account to avoid "trade away" fees for trades that are executed at other broker-dealers. In some cases, a particular security may not be available through the client's custodian or available only under execution parameters or at an overall cost that makes the use of an alternative executing broker more advantageous for that transaction.

## Item 17 - VOTING CLIENT SECURITIES

As a discretionary investment adviser for its clients, JLFranklin generally is authorized to vote on all matters for which a shareholder vote is solicited by, or with respect to, issuers of securities beneficially held in client accounts (except where the client has unmanaged or self-managed assets in a custodian account under our master account; in that case, the client will receive proxy voting materials directly from companies or intermediaries). Clients may instruct the custodian of their accounts that the client will retain the authority to vote such shareholder matters and that the client does not authorize the Firm to do so on the client's behalf.

Where it is granted voting authority, JLFranklin will vote as it deems appropriate in accordance with its written policies and procedures. These policies and procedures set forth pre-determined guidelines for voting many typical proxy proposals. However, each proxy issue will be considered individually in order that the Firm may consider in its judgment what would be in the client's best interest. The Firm will retain all proxy voting books and records for the requisite period of time, including a record of each vote cast, a copy of any document created by us that was material to making a decision on how to vote proxies, and a copy of each written client request for information on how the advisor voted proxies.

Where a proxy proposal raises a material conflict of interest between the interests of the Firm and its client, JLFranklin seeks to avoid material conflicts of interest by applying the predetermined proxy voting guidelines in an objective and consistent manner across client accounts. If the Firm determines that it is in a client's best interest for the client to vote the proxy, the Firm will forward the proxy voting materials to the client.

Clients may obtain a copy of JLFranklin's proxy voting policies and procedures and/or information on how the Firm has voted the client's securities upon written request. There may also be a variety of corporate actions or other matters for which shareholder action is required or solicited and with respect to which JLFranklin may take action that it deems appropriate in its best judgment except to the extent otherwise required by agreement with the client. These actions may include, for example and without limitation, tender offers or exchanges, and class actions.

## **Item 18 - FINANCIAL INFORMATION**

JLFranklin does not require or solicit prepayment of more than \$1,200 of its investment management fees from clients six or more months in advance. There are no adverse conditions related to the Firm's finances that are likely to impair its ability to meet its contractual commitments to its clients. The Firm has not been the subject of a bankruptcy filing in the last ten years.