

# **Journey Advisory Group, LLC**

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## **Form ADV Part 2A – Firm Brochure**

**August 30, 2023**

This brochure provides information about the qualifications and business practices of Journey Advisory Group, LLC (“Journey”). If you have any questions about the contents of this brochure, please contact us at (800) 749-7143 or [info@journeyadvisory.group](mailto:info@journeyadvisory.group). 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.

Any reference to or use of the terms “registered investment adviser” or “registered,” does not imply that Journey Advisory Group, LLC or any person associated with Journey Advisory Group, LLC has achieved a certain level of skill or training.

Additional information about Journey Advisory Group, LLC is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) (CRD # 171919 and SEC # 801-79934).

## **ITEM 2 - MATERIAL CHANGES**

The purpose of this page is to inform you of material changes since the previous annual update of this brochure dated March 2023. If you are receiving this brochure for the first time, this section may not be relevant to you.

This brochure reflects the business practices of Journey Advisory Group, LLC. We review and update this brochure at least annually to confirm that it remains current. If we determine that an interim update is meaningful, or that notification is required, we will notify our clients promptly.

The following are the material changes we have made since the previous annual update on March 2023:

- 1) Cover page – JAG no longer has offices in Texas or California. JAG now has an office in Centerville, Ohio.

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## ITEM 4 - ADVISORY BUSINESS

### Description of Advisory Firm

Journey Advisory Group, LLC (“Journey,” “we,” “our,” or “us”) is a privately-owned limited liability company headquartered in Covington, Kentucky. Journey is registered as an investment adviser with the U.S. Securities and Exchange Commission. Journey has three office locations, two in Ohio, and the headquarters in Kentucky.

Journey was founded in 2014. The firm’s principal owners are Tyler S. Lang, CFA and Stephan Lang (through the Stephan Lang Family Trust). Senior Financial Advisor James W. Owens, Director of Operations Kathryn C. McNeely, Chief Operating Officer Michael Whelan, and Chief Investment Officer Richard Eric Pettway (through the Richard Eric R Pettway Revocable Trust), Laura Moschel, and Jill Henson, all hold minority interests in Journey.

Tyler Lang serves as Managing Member of Journey Advisory Group, LLC. In these roles, Tyler oversees the activities of the various office locations. Tyler is assisted by various individuals who serve in the roles of Chief Investment Officer, Chief Compliance Officer, Portfolio Manager, Research Analyst/Trader, Financial Advisor, Chief Financial Officer, Director of Operations, etc.

Investment advisory services are provided to you through an appropriately licensed and qualified individual who is an investment adviser representative of Journey Advisory Group, LLC. Information about our investment adviser representatives is available in our brochure supplement (which is also known as Form ADV Part 2B).

When Adviser provides investment advice to you regarding your retirement plan account or individual retirement account, Adviser is a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way Adviser makes money creates some conflicts with your interests, so Adviser operates under a special rule that requires Adviser to act in your best interest and not put our interest ahead of yours.

### **Journey offers the following services to advisory clients:**

#### *Individual Portfolio Management Services (IPMS)*

Through IPMS, our firm provides continuous and regular asset management of client funds based on the individual needs of the client. Through personal discussions, goals are discerned and established based on the client's circumstances. During our data-gathering process, we determine the client’s individual objectives, time horizons, risk tolerance, tax considerations, and liquidity needs. As appropriate, we may also review and discuss a client’s prior investment history, as well as family composition and background. We then develop the client's personal investment guidelines.

Advisory accounts are generally managed on a discretionary basis consistent with the client's investment guidelines. Clients may request reasonable restrictions on investing in certain securities, types of securities, or industry sectors. At account inception, client's legacy holdings are evaluated and assessed relative to a suitable model strategy/portfolio. (See **Non-Managed Assets** below.)

Once the client's portfolio has been established, we review the portfolio on a regular basis and, if necessary, rebalance and adjust consistent with the client's investment guidelines.

Through IPMS, our investment recommendations can include advice regarding the following securities:

1. Exchange-listed securities
2. Mutual Funds
3. Exchange Traded Funds (ETFs)
4. Securities traded over-the-counter
5. Foreign issuer
6. Option Contracts on Securities
7. Warrants
8. Corporate debt securities (other than commercial paper)
9. Commercial paper
10. Certificates of deposit
11. Municipal securities
12. United States government securities
13. Variable life insurance
14. Variable annuities
15. Interests in partnerships investing in real estate
16. Interests in partnerships investing in oil and gas

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

Journey may also occasionally offer advice regarding additional types of investments if they are appropriate to address the individual needs, goals, and objectives of the client or in response to client inquiry. Journey may offer investment advice on any investment held by the client at the start of the advisory relationship. We describe the material investment risks for many of the securities that we utilize under the heading **Investing Involves Risks** in **Item 8** below.

Also, it is important that you understand that we manage investments for other clients and give them advice or take actions for them, or for our personal accounts, that is different from the advice we provide to you or actions taken for you. We are not obligated to buy, sell or recommend to you any security or other investment that we buy, sell or recommend for any other clients or for our own accounts.

### Automated Portfolio Management Services (APMS)

Through APMS, we offer an automated investment program (the “Program”) through which clients’ assets are invested in a range of investment strategies we have constructed and manage, each consisting of and limited to a portfolio of exchange-traded funds and mutual funds (“Funds”) and a cash allocation. As with IPMS, continuous and regular portfolio management services are provided on APMS accounts. During our data-gathering process, we determine the client’s individual objectives, time horizons, risk tolerance, and liquidity needs. Based on this information, an investment profile is developed. (The client may instruct us to exclude up to three Funds from their portfolio.) At account inception, client’s legacy holdings are evaluated and assessed relative to a suitable model strategy/portfolio. Only those securities already held in the chosen model strategy (if any) are retained. Client legacy holdings not already held in the model portfolio are liquidated, with the proceeds invested in the securities held in the chosen model.

When using APMS, the client’s portfolio is held in a brokerage account opened by the client at Charles Schwab & Co., Inc. (“CS&Co”). We use the Institutional Intelligent Portfolios® platform (“Platform”), offered by Schwab Performance Technologies (“SPT”), a software provider to independent investment advisors and an affiliate of CS&Co., to operate the Program. We are independent of and not owned by, affiliated with, or sponsored or supervised by SPT, CS&Co., or their affiliates (together, “Schwab”). Journey, and not Schwab, is the client’s investment advisor and primary point of contact with respect to the Program. Journey is solely responsible for determining the appropriateness of the Program for the client, choosing a suitable investment strategy and portfolio for the client’s investment needs and goals, and managing that portfolio on an ongoing basis. We have contracted with SPT to provide us with the Platform, which consists of technology and related trading and account management services for the Program. The Platform enables us to make the Program available to clients online and includes a system that automates certain key parts of our investment process (the “System”). The System includes an online questionnaire that can help us determine the client’s investment objectives and risk tolerance and select an appropriate investment strategy and portfolio. Clients should note that, if we use the online questionnaire, we will recommend a portfolio via the System in response to the client’s answers to the online questionnaire. The client may then indicate an interest in a portfolio that is one level less or more conservative or aggressive than the recommended portfolio, and we then jointly agree on and select a portfolio based on all the information discussed with the client. The System also includes an automated investment engine through which we manage the client’s portfolio on an ongoing basis through automatic rebalancing and tax-loss harvesting (if the client is eligible and elects).

Journey charges clients a fee for our services as described below under *Item 5 Fees and Compensation*. Our fees are not set or supervised by Schwab. Clients do not pay brokerage commissions or any other fees to CS&Co. as part of the Program. Schwab does receive other revenues, including (i) the profit earned by Charles Schwab Bank, SSB, a Schwab affiliate, on the allocation to the Schwab Intelligent Portfolios Sweep Program described in the Schwab Intelligent Portfolios Sweep Program Disclosure Statement; (ii) investment advisory and/or administrative service fees (or unitary fees) received by Charles Schwab Investment Management, Inc., a Schwab affiliate, from Schwab ETFs™ Schwab Funds® and Laudus Funds® that we select to buy and hold in the client’s brokerage account; (iii) fees received by Schwab from mutual funds in the Schwab Mutual Fund Marketplace® (including certain Schwab Funds and Laudus Funds) in

the client's brokerage account for services Schwab provides; and (iv) remuneration Schwab receives from the market centers where it routes ETF trade orders for execution.

### IPMS and APMS differences

IPMS and APMS differ in the following ways. **IPMS allows for more personal discussion and can offer more customization of holdings, including for tax planning** (see list of possible holdings under IPMS above). APMS portfolios, on the other hand, hold only exchange-traded funds and/or mutual funds and a cash allocation. APMS is intended for clients who may benefit from automated enrollment and/or trading, lower account minimums, and generally fewer interactions with the financial advisor. APMS cannot accommodate any "legacy" holdings (i.e., carry-over positions not already part of the APMS models). IPMS can accommodate some legacy holdings that are not part of a chosen model. Also, clients choosing APMS are generally in less need of financial planning services.

We discuss our discretionary authority below under **Item 16 - Investment Discretion**. For more information about the restrictions clients can put on their accounts, see **Tailored Services and Client Imposed Restrictions** in this item below.

We describe the fees charged for IPMS and APMS below under **Item 5 - Fees and Compensation**.

### Financial Planning Services

We provide financial planning services. Financial planning is a comprehensive evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. Through the financial planning process, all questions, information and analysis are considered as they impact and are impacted by the entire financial and life situation of the client. Clients purchasing this service receive a written report which provides the client with a detailed financial plan designed to assist the client to achieve his or her financial goals and objectives.

In general, the financial plan can address any or all of the following areas:

- **PERSONAL:** We review family records, budgeting, personal liability, estate information and financial goals.
- **TAX & CASH FLOW:** We analyze the client's income tax and spending and planning for past, current and future years; then illustrate the impact of various investments on the client's current income tax and future tax liability.
- **INVESTMENTS:** We analyze investment alternatives and their effect on the client's portfolio as they related to the client's goals and objectives.
- **INSURANCE:** When requested, we review existing policies for life, health, disability, long-term care, liability, home and automobile.
- **RETIREMENT:** We analyze current strategies and investment plans to help the client achieve his or her retirement goals.
- **DEATH & DISABILITY:** We review the client's cash needs at death, income needs of surviving dependents, estate planning and disability income.

- ESTATE: We assist the client in assessing and developing long-term strategies, including as appropriate, living trusts, wills, review estate tax, powers of attorney, asset protection, and assisted living needs. (Journey does not provide legal advice, however.)

We gather required information through in-depth personal interviews. Information gathered includes the client's current financial status, tax status, future goals, returns objectives and attitudes towards risk. We carefully review documents supplied by the client that may include a questionnaire completed by the client and written reports. Should the client choose to implement the recommendations contained in the plan, where applicable, we suggest the client work closely with his/her attorney, accountant and insurance agent. Implementation of financial plan recommendations is entirely at the client's discretion.

We also provide general non-securities advice on topics that may include retirement, tax and budgetary planning, estate planning and business planning.

Typically, the financial plan is presented to the client within three months of the contract date, provided that all information needed to prepare the financial plan has been promptly provided.

Our financial planning services do not include preparation of any kind of income tax, gift, or estate tax returns nor preparation of any legal documents, including wills or trusts.

We describe fees charged for financial planning services below under ***Item 5 - Fees and Compensation***.

#### *Retirement Plan Consulting Services*

Journey offers retirement plan consulting services to qualified retirement plans. Our services include but are not limited to: fee transparency benchmarking; evaluating and selecting service providers; optimizing plan design; transition services; education services; investment monitoring; fiduciary compliance; preparation of Investment Policy Statement (IPS); analysis meetings; and acting as 3(38) co-fiduciary. The specific consulting services provided to each plan client will be determined with the client.

For participant directed retirement plans, Journey will recommend a range of investment options, generally in mutual funds, to be made available to participants in the plan. The named fiduciaries of the retirement plan are responsible for reviewing and approving these options. For non-participant trustee directed retirement plan clients, Journey will recommend the investment options to the named fiduciaries of the retirement plan. Journey offers periodic monitoring of investment performance as agreed to with the plan client.

Journey's recommendations are based on the investment strategy discussed below under ***Item 8 - Methods of Analysis, Investment Strategies, and Risk of Loss***. Recommendations are made in accordance with the plan's written investment guidelines and any legal and/or client restrictions communicated to us. Journey may assist the plan client with the preparation of a written investment policy statement that is based upon the plan's specific goals and objectives. All plan clients are responsible for informing Journey of any changes to their investment policy statement, guidelines and any restrictions.



Journey may also offer portfolio construction and/or educational services for participants of retirement plans. All services provided will be outlined in the written investment services agreement executed with each plan client.

### *Limitations on Investments*

Journey recommends investments on a non-discretionary basis to qualified retirement plans. In making our recommendations, Journey is limited to those investment providers and investment options chosen by the plan administrator. Therefore, Journey can only make recommendations to the plan client from among the available options, and will not recommend other securities, even if there are better options elsewhere.

### *Consulting Services*

Journey offers other financial consulting as requested by the client. We describe the fees charged for consulting services below under **Item 5 - Fees and Compensation**.

### *Non-Managed Assets*

With respect to investment management services, Journey will only be responsible for the supervision and management of securities we recommend. Journey will not be responsible for the supervision or management of non-managed assets. Non-managed assets may include securities held in a client's account that is under management with Journey that were:

1. Delivered into the account by the client;
2. Purchased by the client;
3. Purchased by Journey at the request of the client as an accommodation; or
4. Designated by the client to be non-managed securities by written notification.

### *Non-Managed Accounts*

Journey may agree to report on accounts for which Journey does not provide investment management services. Journey is not responsible for the supervision or management of these non-managed accounts nor will Journey take or accept trading authority on such accounts.

## **Tailored Services and Client Imposed Restrictions**

Journey manages client accounts based on the asset allocation and investment strategy discussed below under **Item 8 - Methods of Analysis, Investment Strategies, and Risk of Loss**. Journey applies the recommended asset allocation and strategy for each client, based on the client's individual circumstances and financial situation. We make investment decisions for clients based on information the client supplies about their financial situation, goals, and risk tolerance. Our recommended asset allocation and investment selections may not be suitable if the client does not provide us with accurate and complete information. It is the client's responsibility to keep Journey informed of any changes to their investment objectives or restrictions.

Clients may request certain restrictions on the account, such as when a client needs to keep a minimum level of cash in the account or desires a certain level of cash distributions. Clients may also request reasonable restrictions on the specific securities or security types in the account on the condition that such restrictions do not materially interfere with Journey's responsibility to manage the portfolio consistent with the clients' personal investment guidelines or profile as described above. Journey reserves the right to not accept and/or terminate management of a client's account if we feel that the client-imposed restrictions would limit or prevent us from meeting or maintaining the client's investment strategy.

## **Wrap Fee Programs**

Journey does not manage accounts as part of a wrap or bundled fee program.

## **Assets Under Management**

Journey Advisory Group, LLC provides continuous and regular asset management of client funds, on a discretionary basis. Non-discretionary services are also offered. As of January 31, 2022, the total amount of assets under management was \$837,443,499, with \$822,005,599 managed on a discretionary basis, and \$15,437,900 managed on a non-discretionary basis.

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

### **Fee Schedule**

#### *Individual Portfolio Management Services (IPMS)*

Journey charges an asset management fee for IPMS. Our annual fee generally ranges from .50-1.85%. The fee charged to each client is negotiable and determined based on the scope and complexity of the services provided. The fee for each client/account will be shown in a separate Schedule of Services. Fees are typically assessed on cash and cash equivalents held within the managed account(s).

The schedule of services specifies the annual percentage rate charged for IPMS including the lesser percentage rates charged as the amount of assets being managed increases. Journey aggregates any amounts managed for those living under the same address (i.e., "included accounts"). The value of all included accounts will be aggregated, and the appropriate lesser percentage rate will be assessed on all included accounts. This inclusion of accounts for fee reduction purposes is referred to as "householding".

Importantly, Journey Advisory Group charges differing fees for IPMS through its offices in KY and OH.

Generally, a minimum of \$50,000.00 of assets under management is required for this service. This account minimum is waived under certain circumstances at Journey's discretion. In addition, Journey will group certain related client accounts for the purposes of achieving the minimum account size.

### Automated Portfolio Management Services (APMS)

Journey charges an asset management fee for APMS. Our annual fee generally ranges from .75 to 1.25%. The fee charged to each client is negotiable and determined based on the scope and complexity of the services provided. The fee for each client/account will be shown in the advisory agreement. Fees are typically assessed on cash and cash equivalents held within the APMS account(s).

As described in *Item 4 Advisory Business*, under APMS, clients do not pay fees to SPT or brokerage commissions or other fees to CS&Co. as part of the Program. Schwab does receive other revenues, including (i) the profit earned by Charles Schwab Bank, SSB, a Schwab affiliate, on the allocation to the Schwab Intelligent Portfolios Sweep Program described in the Schwab Intelligent Portfolios Sweep Program Disclosure Statement; (ii) investment advisory and/or administrative service fees (or unitary fees) received by Charles Schwab Investment Management, Inc., a Schwab affiliate, from Schwab ETFs™ Schwab Funds® and Laudus Funds® that we select to buy and hold in the client's brokerage account; (iii) fees received by Schwab from mutual funds in the Schwab Mutual Fund Marketplace® (including certain Schwab Funds and Laudus Funds) in the client's brokerage account for services Schwab provides; and (iv) remuneration Schwab receives from the market centers where it routes ETF trade orders for execution. Brokerage arrangements are further described below in *Item 12 Brokerage Practices*.

### Financial Planning/ Consulting Services

Journey's fee schedule for Financial Planning and Consulting Services is predominately based on an hourly rate. Estimated total fees can be predetermined with the client and the planner. In some cases, a flat fee is quoted to the client. Flat fees are charged for such standardized work as some retirement projections, and some tax planning schedules.

Fees for written financial plans range from \$500 to \$5,000 depending on the complexity of the plan. Fees for consultations are billed at the rate of \$200 per hour. Services provided by the Administrative staff are billed at \$75 per hour. Journey, in its discretion, may choose to waive the financial planning fee.

Flat fees for such work as investment policy statements, financial analysis, retirement projections, and tax projections range from \$200 to \$2,500.

### Retirement Plan Consulting Services

Journey charges an asset management fee for retirement plan consulting services. Our annual fee generally ranges from 0.10-0.50% of the value of the plan assets. The fee charged to each client is negotiable and determined based on the scope and complexity of the services provided to the plan.

Journey believes that its fees for all its services are reasonable in relation to: (1) services provided and (2) the fees charged by other investment advisers offering similar services/programs. However, our advisory fees can be higher than that charged by other investment advisers offering comparable services/programs.

## Billing Method

### Financial Planning/Consulting Services

We reserve the right to request a retainer upon completion of our initial fact-finding session with the client; however, advance payment will never exceed \$1,200. The balance is due upon completion of the plan or at intervals agreed upon by the client and the planner.

### Investment Management & Retirement Planning Services

Journey's advisory fees are payable quarterly in advance at the beginning of each calendar quarter. We charge one fourth of the annual fee rate each quarter based on the market value of the client's portfolio as of the last day of the prior calendar quarter. The formula used for the calculation is as follows:  $(\text{Annual Rate}) \times (\text{Total Assets Under Management at Month-End}) / 4$ .

For new client accounts, the first payment is a pro-rata calculation due upon execution of the advisory agreement that takes into consideration the number of days remaining in the month and the initial value of the portfolio. The formula used to calculate the initial advisory fee would be as follows:  $(\text{Result of Monthly Calculation}) \times (\text{Days Remaining in Month}) / (\text{Total Number of Days in Month})$ . For advisory fee calculation purposes, a calendar quarter is a period beginning on January 1, April 1, July 1, or October 1 and ending on the day before the next quarter. A day is any calendar day including weekends and holidays.

With client authorization, Journey will instruct the custodian to automatically withdraw our advisory fee from the client's account. Typically, we authorize the custodian to withdraw our advisory fee from the client's account during the first month of each quarter. All clients will receive brokerage statements from the custodian no less frequently than quarterly. The custodian statements will show the deduction of the advisory fees.

## Other Fees and Expenses

Journey's fees do not include custodian fees. Clients pay all brokerage commissions and other charges incurred in connection with transactions in accounts, from the assets in the account. These charges are in addition to the fees client pays to Journey. See **Item 12 - Brokerage Practices** below for more information on the factors that Journey considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

In addition, the shares of mutual funds held in a client's account are subject to fund-related expenses. The fund's prospectus fully describes the fees and expenses. All fees paid to Journey for investment advisory services are separate and distinct from the fees and expenses charged by the mutual funds. Mutual funds pay advisory fees to their managers, which are indirectly charged to all holders of the mutual fund shares. Consequently, clients with mutual funds in their portfolios are effectively paying both Journey and the mutual fund manager for the management of their assets.

A client could invest in a mutual fund directly, without using our services. In that case, the client would not receive the services we provide, which include assisting the client in determining which mutual fund

or funds we feel are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and the advisory fees we charge to understand the total amount of fees the client will pay and evaluate the advisory services we provide accordingly.

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

## **Termination**

In the event that you wish to terminate our services, we will refund the unearned portion of our advisory fee to you. You need to contact us in writing and state that you wish to terminate our services. Upon receipt of your letter of termination, we will initiate the process to close out your account and issue a pro-rata refund of unearned advisory fees, if any.

Terminations will not affect liabilities or obligations from transactions initiated in client accounts prior to termination. In the event the client terminates the investment advisory agreement, Journey will not liquidate any securities in the account unless instructed by the client to do so. In the event of client's death or disability, Journey will continue management of the account until we are notified of client's death or disability and given alternative instructions by an authorized party. Our ongoing management and/or ability to effect transactions in a client's account(s) may be limited by restrictions placed on accounts by the client's broker/custodian.

## **Other Compensation**

Journey does not accept compensation for the sale of securities products, including asset-based sales charges or service fees from the sale of mutual funds.

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

Journey does not charge performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

## **ITEM 7 - TYPES OF CLIENTS**

In general, Journey provides portfolio management services as well as financial planning services to individuals (incl. IRAs), high net worth individuals, trusts and estates, charitable organizations, corporations or other business entities, pension and profit-sharing plans, and individual participants of retirement plans.

However, for Automated Portfolio Management Services (APMS), clients eligible to enroll in the Program include individuals, joint registrations, various IRAs, and revocable living trusts. Clients that are

organizations (such as corporations and partnerships) or government entities, and clients that are subject to the Employee Retirement Income Security Act of 1974, are not eligible for the Program.

## Account Requirements

For Individual Portfolio Management Services (IPMS), Journey generally requires clients to maintain a minimum account size of \$50,000. Journey may, at its discretion, combine family accounts to meet the account size minimum, or reduce or waive the account minimum requirements.

For Automated Portfolio Management Services (APMS), the minimum investment required to open or convert an account in the Program is \$5,000. The minimum account balance to enroll in the tax-loss harvesting feature is \$50,000.

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

### Methods of Analysis

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

**Fundamental** - This is a method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of a company). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in determining the position to take with that security (underpriced = buy, overpriced = sell or short). Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

The risk associated with fundamental analysis is that it is somewhat subjective. While a quantitative approach is possible, fundamental analysis usually entails a qualitative assessment of how market forces interact with one another in their impact on the investment in question. It is possible for those market forces to point in different directions, thus necessitating an interpretation of which forces will be dominant. This interpretation may be wrong and could therefore lead to an unfavorable investment decision.

**Cyclical** - Analyzes the investments sensitive to business cycles and whose performance is strongly tied to the overall economy. For example, cyclical companies tend to make products or provide services that are in lower demand during downturns in the economy and higher demand during upswings. Examples include the automobile, steel, and housing industries. The stock price of a cyclical company will often rise just before an economic upturn begins, and fall just before a downturn begins. Investors in cyclical stocks try to make the largest gains by buying the stock at the bottom of a business cycle, just before a turnaround begins.

While most economists and investors agree that there are cycles in the economy that need to be respected, the duration of such cycles is generally unknown. An investment decision to buy at the bottom of a business cycle may actually turn out to be a trade that occurs before or after the bottom of the cycle. If done before the bottom, then downside price action can result prior to any gains. If done after the bottom, then some upside price action may be missed. Similarly, a sell decision meant to occur at the top of a cycle may result in missed opportunity or unrealized losses.

**Technical** - This is a method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets may be indications of future performance.

### Strategic Asset Allocation

For some client portfolios, we utilize a method known as Strategic Asset Allocation. With this method, rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of equities, fixed income, and cash suitable to the client's investment goals and risk tolerance. We also consider the volatility and correlation of the various asset classes to one another in designing clients' portfolios.

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

A benefit of strategic asset allocation is that the clients' participation in sharp decreases in a particular security, industry or market sector may be limited. Rebalancing a portfolio back to a client's strategic allocation may also be beneficial in enhancing the return of the overall portfolio.

### Risks for all forms of analysis

There are risks involved in using any analysis method.

To conduct analysis, Journey gathers information from financial newspapers and magazines, inspection of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses and filings with the SEC, and company press releases.

Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly available sources of information about these securities, are providing accurate and unbiased data. While we are alert to

indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

## INVESTMENT STRATEGY

We use a long-term investment strategy in managing client accounts that is appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons. This strategy is implemented with portfolios being individually designed to meet clients' income needs and financial goals, while also considering their tax situation.

- **Long term** - investments held at least a year.
- **Short term** - investments sold within a year.
- **Trading** - investments sold within 30 days.
- **Margin transactions.** When an investor buys a stock on margin, the investor pays for part of the purchase and borrows the rest from a brokerage firm. For example, an investor may buy \$5,000 worth of stock in a margin account by paying for \$2,500 and borrowing \$2,500 from a brokerage firm.
- **Option writing** including covered options, uncovered options, or spreading strategies. Options are contracts giving the purchaser the right to buy or sell a security, such as stocks, at a fixed price within a specific period of time.

## Investing Involves Risk

All Investors/Clients must accept that past performance is not indicative of future results. Investing in securities (including stocks, mutual funds, bonds, ETFs, etc.) involves risk of loss. Therefore, current and prospective investors/clients (including you) should never assume that future performance of any specific investment or investment strategy will be profitable. Further, there will be varying degrees of risk depending on the different types of investments and the asset allocation utilized. 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, JAG can and will not 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. There are certain additional risks associated when investing in securities.

**Market Risk** – Market risk, which is also referred to as systemic risk, is when the markets in whole decrease in value, or when the value of the securities issued by an individual company goes down as a result of moves in the overall markets. Both result in a decrease in the value of client investments.

**Equity (stock) market risk** – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change.



If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.

**Company Risk.** When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can generally be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.

**Fixed Income Risk.** When investing in bonds, there is the risk that an issuer will default on the bond and be unable to make payments. In some cases, a perceived risk of default by market participants will reduce the market value of the issuer's bonds. Further, fixed-income investors receive set, regular payments that face inflation risk. Individuals who depend on these set amounts of periodically paid income face the risk that inflation will erode their spending power.

**Options Risk.** Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.

**Margin Risk.** When you purchase securities, you may pay for the securities in full or borrow part of the purchase price from your account custodian or clearing firm. If you intend to borrow funds in connection with your account, you will be required to open a margin account, which will be carried by the qualified custodian. The securities purchased in such an account are the qualified custodian's collateral for its loan to you.

If those securities in a margin account decline in value, the value of the collateral supporting this loan also declines, and as a result, the brokerage firm is required to take action in order to maintain the necessary level of equity in your account. The brokerage firm may issue a margin call and/or sell other assets in your account.

Some of the risks involved in margin trading include the following:

- You can lose more funds than you deposit in your margin account.
- The account custodian or clearing firm can force the sale of securities or other assets in your account.
- The account custodian or clearing firm can sell your securities or other assets without contacting you.
- You are not entitled to choose which securities or other assets in your margin account may be liquidated or sold to meet a margin call.

- The account custodian or clearing firm may move securities held in your cash account to your margin account and pledge the transferred securities.
- The account custodian or clearing firm can increase its “house” maintenance margin requirements at any time and they are not required to provide you advance written notice.
- You are not entitled to an extension of time on a margin call.

**ETF and Mutual Fund Risk** – When we invest in an ETF or mutual fund for a client, the client will bear additional expenses based on its pro rata share of the ETFs or mutual fund’s operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. Clients will also incur brokerage costs when purchasing ETFs. In some instances the firm utilizes mutual funds issued by Dimensional Fund Advisors (DFA). DFA funds are generally only available through registered investment advisers approved by DFA. If you terminate our services to you and self-manage your account(s) or transition to another adviser who has not been approved by DFA to utilize DFA funds, restrictions regarding additional purchases of, or reallocation among other DFA funds will generally apply.

**Tax Loss Harvesting Risk** – One trading strategy employed in client accounts is tax harvesting. The intent of this trade is to sell an ETF or mutual fund at a taxable loss and replace those positions with a holding whose historical performance and expected future performance are similar, thereby having little impact on the overall strategic allocation, but capturing the tax loss. Because past performance is no indication of future results, there is potential for the future performance of the replacement position to deviate from that of the initial holding. This type of strategy may also incur an increase in the frequency of trading and amount of transaction costs.

**Alternative Investment Risk** – Alternative investments may be recommended in specific circumstances. These investments are susceptible to many of the same risks as other securities, but also include characteristics and risks related to liquidity, transparency, taxes, and valuation.

**Management Risk** – The performance of your investments with JAG will vary with the success and failure of our investment strategies, research, analysis, and the actual portfolio securities utilized. Our collective investment strategies may not produce the expected returns.

**Cybersecurity** - The computer systems, networks and devices used by TrinityPoint Wealth and service providers to us and our clients to carry out routine business operations employ a variety of protections designed to prevent damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches. Despite the various protections utilized, systems, networks, or devices potentially can be breached. A client could be negatively impacted as a result of a cybersecurity breach. Cybersecurity breaches can include unauthorized access to systems, networks, or devices; infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow, or otherwise disrupt operations, business processes, or website access or functionality. Cybersecurity breaches may cause disruptions

and impact business operations, potentially resulting in financial losses to a client; impediments to trading; the inability by us and other service providers to transact business; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs; as well as the inadvertent release of confidential information. Similar adverse consequences could result from cybersecurity breaches affecting issuers of securities in which a client invests; governmental and other regulatory authorities; exchange and other financial market operators, banks, brokers, dealers, and other financial institutions; and other parties. In addition, substantial costs may be incurred by these entities in order to prevent any cybersecurity breaches in the future

Certain investments are expected to have a low correlation to traditional stocks and bonds, and therefore to broaden portfolio diversification. These investments can include exposure to the following: peer-to-peer currencies (e.g., Bitcoin), metals, minerals, commodities, etc. and typically make up a modest percentage allocation. These types of investments may perform well during periods of higher inflation and can be utilized since rising inflation generally has a negative impact on stocks and bonds. Whether and when to utilize such investments is another element of management risk.

### *Tax Consequences of Mutual Funds*

When investors buy and hold an individual stock or bond in a taxable account, the investors are liable for income taxes each year on the dividends or interest the investor receives. However, the investor will not have to pay any capital gains tax unless and until the investor actually sells and makes a profit. Mutual funds are different. When an investor buys and holds mutual fund shares, the investor will owe income tax on any ordinary dividends in the year the investor receives or reinvests them. Moreover, in addition to owing taxes on any personal capital gains when the investor sells shares, the investor may have to pay taxes each year on the fund's distributed capital gains. That is because the law requires mutual funds to distribute capital gains to shareholders if the fund sells securities for a profit that cannot be offset by a loss.

### *Investing Outside the U.S.*

Investing outside the United States involves additional risks of foreign investing. These risks include currency controls and fluctuating currency values, and different accounting, auditing, financial reporting, disclosure, and regulatory and legal standards and practices. Additional factors include changing local, regional, and global economic, political, and social conditions. Further, expropriation, changes in tax policy, greater market volatility, different securities market structures, and higher transaction costs can be contributors to greater risk. Finally, various administrative difficulties, such as delays in clearing and settling portfolio transactions or in receiving payment of dividends can also lead to additional risk.

Investments in developing countries can further heighten the risks described above. A developing country may be in the earlier stages of its industrialization cycle with a low per capita gross domestic product ("GDP") and a low market capitalization to GDP ratio relative to those in the United States and the European Union. Historically, the markets of developing countries have been more volatile than the markets of developed countries.

In general, developing countries have less developed legal and accounting systems. The governments of these countries may be more unstable and more likely to impose capital controls, nationalize a company or industry, place restrictions on foreign ownership and on withdrawing sale proceeds of securities from the country, and/or impose punitive taxes that could adversely affect security prices. In addition, the economies of these countries may be dependent on relatively few industries that are more susceptible to local and global changes. Securities markets in these countries are also relatively small and have substantially lower trading volumes. As a result, securities issued in these countries may be more volatile and less liquid than securities issued in countries with more developed economies or markets.

### *Cash and Cash Equivalents*

Cash and cash equivalents are the most liquid of investments. Cash and cash equivalents are considered very low-risk investments meaning, there is little risk of losing the principal investment. Typically, low risk also means low return and the interest an investor can earn on this type of investment is low relative to other types of investments.

## **Financial Planning**

The financial planning tools Journey uses to create financial plans for clients rely on various assumptions, such as estimates of inflation, risk, economic conditions, and rates of return on security asset classes. All return assumptions use estimates of future returns of asset classes, not returns of actual investments, and do not include fees or expenses that clients would pay if they invested in specific products.

Financial planning software is only a tool used to help guide Journey and the client in developing an appropriate plan, and we cannot guarantee that clients will achieve the results shown in the plan. Results will vary based on the information provided by the client regarding the client's assets, risk tolerance, and personal information. Changes to the program's underlying assumptions or differences in actual personal, economic, or market outcomes will result in materially different results for the client. Clients should carefully consider the assumptions and limitations of the financial planning software as disclosed on the financial planning reports and should discuss the results of the plan with a qualified investment professional before making any changes in their investment or financial planning program.

## **ITEM 9 - DISCIPLINARY INFORMATION**

Journey and our personnel seek to maintain the highest level of business professionalism, integrity, and ethics. Journey does not have any disciplinary information to disclose.

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

### **Affiliated Insurance Agency**

Journey Risk Solutions, LLC (JRS) is an insurance agency wholly owned by Journey Advisory Group, LLC (JAG). JRS will be licensed in various states to passively offer primarily life insurance products to clients to address any need that clients may perceive or that their financial plans may indicate. When insurance

products that pay commissions are purchased through JRS, the commissions will be paid to JRS. Therefore, JAG has a conflict due to the incentive to suggest that clients of JAG purchase insurance through JRS. While life insurance products that are devoid of commissions do exist, their number as well as their benefits/features are typically limited. Clients are encouraged to consider their options and are free to purchase their insurance coverage through an agent or agency of their choice. Clients of Journey Advisory Group, LLC are under no obligation to purchase or even consider purchasing insurance products through JRS.

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

### **Code of Ethics**

Journey believes that we owe clients the highest level of trust and fair dealing. As part of our fiduciary duty, we place the interests of our clients ahead of the interests of the firm and our personnel. Journey has adopted a Code of Ethics that emphasizes the high standards of conduct that we seek to observe. Journey's personnel are required to conduct themselves with integrity at all times and follow the principles and policies detailed in our Code of Ethics.

Journey's Code of Ethics attempts to address specific conflicts of interest that either we have identified or that could likely arise. Journey's personnel are required to follow clear guidelines from the Code of Ethics in areas such as gifts and entertainment, other business activities, prohibitions of insider trading, and adherence to applicable state and federal securities laws. Additionally, individuals who formulate investment advice for clients, or who have access to nonpublic information regarding any clients' purchase or sale of securities, are subject to personal trading policies governed by the Code of Ethics (see below). Journey will provide a complete copy of the Code of Ethics to any client or prospective client upon request.

### **Personal Trading Practices**

Journey Advisory Group or associated persons of the firm buy and/or sell for their personal accounts, securities identical to those recommended to clients. This creates a potential conflict of interest. It is the express policy of Journey that all persons associated in any manner with our firm must place clients' interests ahead of their own when implementing personal investments.

We strive to be in compliance with all applicable state and federal rules and regulations at all times. Consistent with our fiduciary obligation, we have developed personal investment and trading policies for our representatives, employees and their immediate family members (collectively, associated persons):

- Personal securities transactions must never adversely affect clients.
- Associated persons are prohibited from purchasing or selling securities of companies in which any client is deemed an "insider" and the client has disclosed this to us.
- Associated persons are discouraged from conducting excessive personal trading.
- Associated persons are generally prohibited from serving as board members of publicly traded

companies unless an exception has been granted by the Chief Compliance Officer

- Journey does not engage in Principal Transactions nor effect Internal Cross Transactions

Any associated person not observing our policies is subject to sanctions up to and including termination.

## **ITEM 12 - BROKERAGE PRACTICES**

Journey requires clients to open one or more custodial accounts in their own name at a qualified custodian ("Custodial Broker"). Journey generally recommends the use of Schwab Advisor Services™, a division of Charles Schwab & Co., Inc. ("Schwab"), a registered broker-dealer and Member SIPC, as the Custodial Broker and we place client transactions through Schwab. As a result of the TW Advisor acquisition, some clients are custodied at TD Ameritrade.

The client will enter into a separate agreement with the client's custodial broker to custody the assets. Journey is independently owned and operated, and unaffiliated with any broker-dealer/custodian.

Schwab and TD Ameritrade charges commissions (ticket charges) for executing certain transactions. We do not receive any part of these separate charges. Schwab may provide us with access to their institutional trading and custody services, which are typically not available to their retail investors. These 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. Journey's clients who have their assets held at Schwab or TD Ameritrade will not be charged separately for custody, as Schwab and TD Ameritrade is compensated by account holders through commissions or other transaction-related fees or securities trades that are executed through Schwab or TD Ameritrade or that settle into the client's account at Schwab or TD Ameritrade.

### **Factors Considered in Selecting Broker-Dealers for Client Transactions**

Journey considers several factors in recommending Schwab to clients, including availability of funds, ease of use, reputation, service, execution, pricing and financial strength. Journey may also take into consideration the availability of the products and services received or offered (detailed below) by Schwab.

#### *Research and Other Benefits*

Journey receives from particular broker-dealers/custodians, without cost (or at a discount), support services and/or products that benefit Journey but may not directly benefit our clients' accounts.

Client accounts enrolled in the Automated Portfolio Management Services (APMS) Program are maintained at, and receive the brokerage services of Schwab affiliate, CS&Co., a broker-dealer registered with the Securities and Exchange Commission and a member of FINRA and SIPC. While clients using APMS are required to use CS&Co. as custodian/broker to enroll in the Program, the client decides whether to do so and opens its account with CS&Co. by entering into a brokerage account agreement directly with CS&Co. We do not open the account for the client. If the client does not wish to place his or her assets with CS&Co., then we cannot manage the client's account through the APMS Program. CS&Co. may

aggregate purchase and sale orders for Funds across accounts enrolled in the Program, including both accounts for our clients and accounts for clients of other independent investment advisory firms using the Platform.

Schwab Advisor Services™ is Schwab's business serving independent investment advisory firms like us. Through Schwab Advisor Services, CS&Co. provides us and our clients, both those enrolled in the Program and our clients not enrolled in the Program, with access to its institutional brokerage services— trading, custody, reporting, and related services—many of which are not typically available to CS&Co. retail customers. However, certain retail customers may be able to get institutional brokerage services from Schwab without going through us. CS&Co. also makes available various support services. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. CS&Co.'s support services described below are generally available on an unsolicited basis (we don't have to request them) and at no charge to us. The availability to us of CS&Co.'s products and services is not based on us giving particular investment advice, such as buying particular securities for our clients. Here is a more detailed description of CS&Co.'s support services:

CS&Co.'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 we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. CS&Co.'s services described in this paragraph generally benefit the client and the client's account.

CS&Co. also makes available to us other products and services that benefit us but do not directly benefit the client or its account. These products and services assist us in managing and administering our clients' accounts and operating our firm. They include investment research, both Schwab's own and that of third parties. We use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at CS&Co. In addition to investment research, CS&Co. also makes available software and other technology that:

- provide access to client account data (such as duplicate trade confirmations and account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- provide pricing and other market data;
- facilitate payment of our fees from our clients' accounts; and
- assist with back-office functions, recordkeeping, and client reporting.

CS&Co. also offers other services intended to help us manage and further develop our business enterprise. These services include:

- educational conferences and events;
- technology and business consulting;
- Consulting on legal and related compliance needs;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants, and insurance providers.



CS&Co. provides some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. CS&Co. also discounts or waives its fees for some of these services or pays all or a part of a third party's fees. If you did not maintain your account with Schwab, we would be required to pay for these services from our own resources.

The availability of services from CS&Co. benefits us because we do not have to produce or purchase them. We don't have to pay for these services, and they are not contingent upon us committing any specific amount of business to CS&Co. in trading commissions or assets in custody. With respect to the APMS Program, as described above under *Item 4 Advisory Business*, we do not pay SPT fees for the Platform so long as we maintain client assets in accounts at CS&Co. The fact that we receive these benefits from Schwab is an incentive for us to recommend the use of Schwab rather than making such a decision based exclusively on your interest in receiving the best value in custody services and the most favorable execution of transactions. This is a conflict of interest. We believe, however, that taken in the aggregate our recommendation of CS&Co. as custodian and broker is in the best interests of our clients. It is primarily supported by the scope, quality, and price of CS&Co.'s services and not Schwab's services that benefit only us.

Because of Journey's professional relationship with Schwab, they may offer Journey discounts for services of affiliated or unaffiliated companies.

As part of our fiduciary duty to clients, Journey endeavors at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by Journey or our personnel in and of itself creates a potential conflict of interest and may indirectly influence Journey's recommendation of Schwab for custody and brokerage services.

In January 2023 Journey Advisory Group purchased TW Advisors. As a result, Journey now has clients participating in the institutional customer program offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member SIPC ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers services to independent investment advisers which include custody of securities, trade execution, clearance and settlement of transactions. Journey receives some benefits from TD Ameritrade through our participation in the program. Journey participates in TD Ameritrade's Institutional customer program and we may recommend TD Ameritrade to our clients for custody and brokerage services. There is no direct link between our firm's 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 TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): duplicate client statements and confirmations; research related products and tools; access to a trading desk serving adviser 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 Journey by third party



vendors. Some of the products and services made available by TD Ameritrade through the program may benefit Journey but may not benefit our client accounts. These products or services may assist us in managing and administering client accounts, 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 Journey through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. Clients should be aware, however, that the receipt of economic benefits by Journey or our related persons in and of itself creates a potential conflict of interest and may indirectly influence our recommendation of TD Ameritrade for custody and brokerage services.

### *Brokerage for Client Referrals*

Journey does not receive client referrals from any broker-dealer in exchange for using that broker-dealer.

### *Directed Brokerage Transactions*

Journey generally will not allow clients to direct Journey to use a specific broker-dealer to execute transactions. In most all instances, clients use the broker-dealer that Journey recommends which is normally the custodial broker. Not all investment advisers require their clients to trade through specific brokerage firms. By recommending that clients use Schwab for both custody and trading, Journey believes we may be able to more effectively manage the client's portfolio, achieve favorable execution of client transactions, and overall lower the costs to the portfolio.

Clients with 401K or annuity accounts are not required to use Schwab, and Journey will work with the custodian of the account.

## **Aggregation and Allocation of Transactions**

Transactions for each client account generally will be executed independently, unless Journey decides to purchase or sell the same securities for several clients at approximately the same time. Journey may (but is not obligated to) combine or "bunch" such orders to obtain better price execution, to negotiate more favorable commission rates, or to allocate equitably among the Journey's clients any differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. Journey shall not receive any additional compensation or remuneration as a result of such aggregation.

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

### **Managed Account Reviews**

The frequency of account reviews will vary based on several factors including (but not limited to) the type of portfolio management service being provided (e.g., IPMS or APMS), the clients' stated investment objectives, the economic environment, the outlook for the securities markets, and the merits of the securities in the accounts. Regardless, we manage portfolios on a continuous and regular basis.

In addition, we may conduct a special review of an account based on one or more of the following:

1. A change in the client's investment objectives, guidelines and/or financial situation;
2. Changes in diversification;
3. Tax considerations; or
4. Material cash deposits or withdrawals.

We generally offer to meet with clients on an annual basis to discuss their accounts. More frequent discussions can be arranged under various circumstances. You should notify us promptly if your circumstances or needs change. Clients may choose to engage with the advisor either in person, by video conference, or by telephone. Certain reports and other information are made available in writing.

## **Financial Plan Reviews**

Journey portfolio managers are responsible for creating and reviewing clients' financial plans. Journey will generally contact clients annually to discuss any changes in the client's circumstances and necessary updates to the financial plan. We will also work with clients on an ongoing basis to review the plan as requested by the client.

## **Account Reporting**

Each client receives a written statement from the custodian that includes an accounting of all holdings and transactions in the account for the reporting period. In addition, for investment management clients Journey prepares a written report detailing performance in a client's account, which is reviewed with the client at least annually. Clients are strongly encouraged to compare the written report from Journey with the statement from the custodian.

## ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION

### Custodial Broker Support Products and Services

We receive an economic benefit from Schwab and TD Ameritrade in the form of the support products and services it makes available to us. You do not pay more for assets maintained at Schwab and TD Ameritrade as a result of these arrangements. However, we benefit from the arrangements because the cost of these services would otherwise be borne directly by us. You should consider these conflicts of interest when selecting a custodian. The products and services provided by Schwab and TD Ameritrade, how they benefit us, and the related conflicts of interest are described above under *Item 12 Brokerage Practices*. The availability to us of Schwab's and TD Ameritrade's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

### Referral Arrangements

Journey does not directly or indirectly compensate any person for client referrals.

### Outside Compensation

Journey may refer clients to unaffiliated professionals for a variety of services such as insurance, mortgage brokerage, real estate sales, estate planning, legal, and/or tax/accounting services. In turn, these professionals may refer clients to Journey. Journey will not refer clients to financial planners and other investment advisers unless they are licensed, registered or exempt from registration as an investment adviser.

Journey does not receive any monetary compensation for referring our clients to unaffiliated professionals. However, it could be concluded that Journey is receiving an indirect economic benefit from this practice as the relationships are mutually beneficial and there could be incentive to recommend services of those who refer clients to Journey. These referrals do not involve in any way client brokerage or the use of client commissions. Journey will never share information with an unaffiliated provider unless first authorized by the client. Clients are under no obligation to purchase any products or services through these professionals.

## ITEM 15 - CUSTODY

Clients' accounts are generally held by Schwab Advisor Services™, a division of Charles Schwab & Co., Inc. ("Schwab"), a qualified custodian. Other custodians are also utilized including TD Ameritrade.

Journey Management does not accept custody of client funds or securities. In other words, we are not granted access by our clients which would enable us to withdraw or transfer or otherwise move funds or cash from their account to our account. This does not apply, however, to a situation where we would deduct our advisory fee from client accounts. Also, upon written instruction from our clients, and with certain specific limitations, we are permitted to implement a standing letter of authorization (SLOA) or

journal, as explained below. Our policy of not accepting custody is for the safety of our client's assets. Also, Journey Management employees do not accept clients' online usernames and passwords at any time.

With a client's consent, Journey may be provided with the authority to seek deduction of our contracted advisory fee directly from the client's account. This process is generally more efficient for both the client and the investment adviser.

On February 21, 2017, the SEC issued a no-action letter clarifying that standing authority (also known as a standing letter of authorization or "SLOA") to move money from a client's account to a third-party account is "custody" within the meaning of Investment Advisers Act Rule 206(4)-4 (the "Custody Rule"). The SEC also stated that any accounts that meet the following seven conditions (the SEC refers to them as "representations") will not be subject to the "independent verification" requirement under Rule 206(4)-2(a)(4), also known as the annual surprise accountant's examination. Seven Conditions Schwab processes and procedures to meet the conditions:

1. The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed. The paper and electronic forms that Schwab uses to establish a standing letter of authorization (SLOA) must be signed by the client and includes the third party's name and address or account number.
2. The client authorizes the investment adviser, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time. Schwab's SLOA forms (whether paper or electronic) require a client's signature to indicate in writing that the client has authorized the advisor to direct transfers to identified third party(s) by giving instructions to Schwab regarding those transfers.
3. The client's qualified custodian performs appropriate verification of the instruction such as a signature review or other method to verify the client's authorization, and provides a transfer of funds notice to the client promptly after each transfer. Schwab uses signature verification or similar means as a qualified custodian to verify the client's authorization reflected on the SLOA form. Schwab provides a transfer of funds notice to the client within one to two business days after each transfer.
4. The client has the ability to terminate or change the instruction to the client's qualified custodian. The client has the ability to contact Schwab directly to terminate or change instructions, either in writing or verbally.
5. The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction. Other than a request by the advisor to terminate its authority on an SLOA, Schwab does not allow an advisor on

its own to make any changes to the SLOA. Any change relating to the third party - including identity, address, or account number - requires that the client submit a new form.

6. Journey management maintains records showing that the third party is not a related party of Journey or located at the same address and is responsible for meeting this condition.

7. The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction. As of March 2017, Schwab sends the client a notification in writing, confirming the instruction, within one to two business days of the SLOA being established. As of June of 2017, Schwab will send the client an annual notice reconfirming the SLOA instruction. This notice will be sent every year while an SLOA is in effect.

For client accounts where we have fee-deduction authority, or when an SLOA is executed, the following procedures apply:

1. As mentioned above, clients' accounts are held by Charles Schwab, or another qualified custodian.
2. Clients will receive statements directly from the custodian at least quarterly. The statements will reflect the client's funds and securities held with the qualified custodian as well as any transactions that occurred in the account, including the deduction of Journey's fee. We urge clients to carefully review and reconcile the custodian's statements and Journey's reports promptly when they receive them.
3. Each billing period, we send clients a statement showing the value of the client's assets upon which we based the fee, the amount of the fee, and how we calculated the fee.
4. We send the amount of our fee to the custodian. It is the client's responsibility to verify the accuracy of the fee calculation. The custodian will not determine whether the fee is properly calculated.

## **ITEM 16 - INVESTMENT DISCRETION**

Journey generally has full discretion to decide the specific security to trade, the quantity, and the timing of transactions for client accounts. For discretionary accounts, Journey will not contact clients before placing trades in their account, but clients will receive confirmations directly from the broker for any trades placed. Clients generally grant us discretionary authority in the contracts they sign with us. Clients also give us trading authority over their accounts when they sign the custodian's paperwork.

If you decide to grant trading authorization only on a non-discretionary basis, we will be required to contact you prior to implementing changes in your account. Therefore, you will be contacted and required to accept or reject our investment recommendations including:

- The security being recommended
- The number of shares or units

- Whether to buy or sell

Please Note: Transactions for non-discretionary accounts will generally be executed following the execution of similar transactions for discretionary accounts and may not receive the most favorable execution.

## ITEM 17 - VOTING CLIENT SECURITIES

### Proxy Voting

Unless otherwise agreed to in writing, Journey does not accept or have the authority to vote client securities. However, clients may call us if they have questions about a particular solicitation. Journey will not be deemed to have proxy voting authority solely as a result of providing advice or information about a particular proxy vote to a client. Clients will receive their proxies or other solicitations directly from their custodian or a transfer agent.

If/when Journey accepts such responsibility, we will only cast proxy votes in a manner consistent with the best interest of our clients. Absent special circumstances, which we fully describe in our Proxy Voting Policies and Procedures, we will vote all proxies within the guidelines we established and describe in our Proxy Voting Policies and Procedures, as we may amend from time-to-time. At any time, clients may contact us to request information about how we voted your proxies for your securities or to get a copy of our Proxy Voting Policies and Procedures. A brief summary of Journey's Proxy Voting Policies and Procedures is as follows:

1. We make every effort to ensure that we vote shares in the best interests of clients and the value of their investment.
2. Absent special circumstances, our policy is to exercise our proxy voting discretion according to written pre-determined proxy voting guidelines ("Proxy Voting Guidelines").
3. If Journey becomes aware of any type of potential or actual conflict of interest relating to a proxy proposal, Journey will promptly document the conflict and may handle the conflict in a number of ways depending on the type and materiality. The method selected by Journey will depend upon the facts and circumstances of each situation, and the requirements of applicable laws, and will always be handled in the client's best interests.
4. Journey may also choose not to vote proxies in certain situations or for certain accounts; for example, (1) where a client has retained the right to vote the proxies; (2) where Journey deems that the cost of voting the proxy would exceed any anticipated benefit to the client, or (3) where a proxy is received for a client account that has been terminated.

## ITEM 18 - FINANCIAL INFORMATION

Registered investment advisers are required in this item to provide clients with certain financial information or disclosures about the firm's practices and financial condition. Journey does not require the prepayment of more than \$1,200 in fees per client six months or more in advance, does not have or foresee any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients, and has not been the subject of a bankruptcy proceeding.