

**JW·COLE**

**ADVISORS**

## **FORM ADV PART 2A**

# **DISCLOSURE BROCHURE**

**SEPTEMBER 21, 2021**

**J.W. COLE ADVISORS, INC.  
4301 ANCHOR PLAZA PARKWAY  
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TAMPA, FL 33634**

This brochure provides information about the qualifications and business practices of Jonathan Roberts Advisory Group, Inc. d/b/a J.W. Cole Advisors, Inc., (Jonathan Roberts Advisory Group, Inc. and J.W. Cole Advisors, Inc. are hereinafter collectively referred to as "JWCA"). If you have any questions about the contents of this brochure, please contact us at (866) 592-6531. 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. The use of the term "Registered" throughout this brochure indicates a licensing qualification. It is not intended to imply a certain level of skill. Additional information about J.W. Cole Advisors, Inc., is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## Item 2 – Material Changes

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This section provides a summary of any material changes we made since our last update in March 2021.

As a Registered Investment Advisory firm, JWCA is required by Securities & Exchange Commission ("SEC") Rule 204-3(b) to deliver notice to you of any Material Change(s) to our annual Form ADV 2A, which is filed with SEC, and available to the public. To that end, this letter is being sent to make you aware of certain material changes that we have made to our 2021 Form ADV 2A. Please note the descriptors below are designed to simply give you notice of the changes. For detailed information, including particular conflicts of interests, please review the Form ADV Part 2A in full. The following material changes have been made to the JWCA Form ADV 2A:

1. JWCA has enhanced its disclosures relating to its practice of providing loans to new and current Investment Advisor Representatives (IARs) and the resulting conflicts of interest.
2. For clients who participate in a JWCA Asset-Based Advisory Program, clients generally pay a single fee for investment management and transaction costs in the account. However, JWCA will now impose a \$9.95 transaction charge to such accounts for each trade exceeding 50 trades over a rolling 12- month period; measured from each client's anniversary date.
3. The Strategist Program, under our Managed Account Solutions, allows an IAR to manage a client's investment advisory portfolio by using a third-party advisory service. Generally, clients pay a fee that covers investment management, platform, and transaction costs. However,

JWCA will now impose a \$9.95 transaction charge to such accounts for each trade exceeding 40 trades over a rolling 12-month period; measured from each client's anniversary date.

4. Depending on the custodian used, clients generally have various cash sweep accounts to select from when such funds are not invested in securities. For advisory accounts custodied at National Financial, LLC ("NFS") JWCA has updated its practices and policies such that, going forward, a client may only choose, between two options: an FDIC-Insured Deposit Cash Sweep Account ("QPRMQ") or a Money-Market Sweep Account, the Fidelity Government Money Market Fund (SPAXX).

5. JWCA also hereby provides disclosure of conflicts of interest relating to its mutual fund selection practices that resulted in an JWCF, the unaffiliated broker-dealer with which JWCA has the expense sharing arrangement, receiving three types of fees generated by certain transactions in JWCA Advisory Accounts.

6. Pursuant to 5. above, on August 25, 2021, JWCA, without admitting or denying the findings, consented to the entry of an SEC Order that found JWCA violated Sections 206(2) and 206(4) of the Investment Advisers Act of 1940 and Rule 206(4)-7 thereunder through JWCA's mutual fund and cash sweep selection practices, which resulted in JWCF receiving three types of fees generated by certain transactions in JWCA advisory accounts, without adequately disclosing the conflict of interest. Between January 2014 and November 2016, JWCA recommended that certain clients purchase or hold mutual fund share classes that charged 12b-1 fees, which were paid to JWCF, when lower cost share classes were available for the same fund(s). Between January 2014 and March 2021, JWCA recommended that certain clients purchase or hold mutual fund share classes which resulted in JWCF receiving revenue sharing payments when lower-cost share classes of the same mutual funds were available and would have resulted in no or lower revenue sharing. Lastly, between September 2016 and March 2020, JWCF received revenue sharing payments when client assets were invested in certain classes of money market funds used as cash sweep vehicles when other, non-revenue sharing, money market fund options were available.

Pursuant to the Order, JWCA was ordered to cease and desist from committing or causing any violations and any future violations of Sections 206(2) and 206(4) of the Advisers Act and Rule 206(4)-7. Further, JWCA received a censure and agreed to pay disgorgement, prejudgment interest and a civil penalty. JWCA will also comply with undertakings enumerated in the Order.

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## Item 4 - Description of Our Advisory Business

JWCA is a Florida corporation registered with the SEC, since November 9, 2000. Our headquarters are in Tampa, Florida. Mr. John Carlson is the founding Principal, current President, Chief Executive Officer, and Chief Financial Officer. Mr. Carlson owns more than 75% of JWCA's common stock.

JWCA has an expense sharing agreement with J.W. Cole Financial, Inc. ("JWCF"), a registered broker-dealer Member FINRA/SIPC, for access to staff, office space, supplies, etc. As part of the outsource agreement, JWCA pays JWCF for such services. JWCA and JWCF are separate and distinct business entities with different ownership. JWCA conducts its investment advisory business through a network of over 300 independent Investment Adviser Representatives ("IAR's"). IARs operate in offices located throughout the United States. IARs may operate under their own business name(s) or DBA name(s) and their business name(s) and logos may appear on their sales and marketing materials. All sales and marketing materials used by IARs are reviewed and approved by JWCF. The business name(s) and DBA name(s) used by IARs are separate from and not owned and/or controlled by JWCF or JWCA. IARs may also offer and provide other services through their business name(s), however all investment advisory services offered by IARs must be through JWCA. Information about the IAR's other businesses can be found in the IARs' Form ADV Part 2B Brochure Supplement.

Nearly all JWCA's IARs are also dually registered as Registered Representatives ("RRs") to solicit, offer, and sell securities through JWCF, an unaffiliated full-service securities broker-dealer Member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investors Protection Corporation ("SIPC"). IARs may also be licensed as independent insurance agents through various insurance companies to solicit, offer, and sell fixed and/or property and casualty insurance products in the states in which they conduct business. Therefore, IARs can potentially be acting in all three capacities when soliciting, offering, and selling investment products, investment advisory services, and/or insurance products to the client. The registration as RRs, IARs, and being licensed as independent insurance agents creates a conflict of interest when IARs solicit, offer, and sell securities and insurance products for which clients would pay a commission, while also soliciting, offering, and selling investment advisory services and managing the assets in their clients' accounts and charging a separate investment advisory fee. Our IARs manage assets on either a discretionary or non-discretionary basis. As of June 30, 2021, JWCA manages **\$3,224,724,905** in client assets on a discretionary basis, and **\$1,369,169,711** on a non-discretionary basis.

### The Types of Advisory Services We Offer:

JWCA and its IARs may solicit, offer, and sell fee-based investment advisory services including fee-based financial planning, the use of Third-Party Advisers, or other third-party advisory

services, and/or charge an investment advisory fee for managing clients' accounts as further detailed below. IARs, when also acting as RRs of JWCF, may also solicit, offer, and sell securities, including but not limited to individual stocks and bonds, mutual funds, closed end funds, Exchange Traded Funds ("ETFs"), and non-traded alternative products, including but not limited to Real Estate Investment Trusts ("REITs") and private placements, Hedge Funds and Private Equities. IARs that are licensed as insurance agents may also solicit, offer, and sell fixed and/or property and casualty insurance products. Usually, the client will be charged a commission when purchasing securities or insurance products.

Our advisory services consist of various types of public and private securities. These include, but are not limited to equities, corporate debt, government obligations, municipal securities, exchange-traded funds, unit investment trusts, mutual funds or other pooled investments, options/derivatives, alternative investments, interests in real estate or oil and gas partnerships, annuities/insurance products, and other investment instruments. In certain arrangements, you have the ability to impose restrictions on a particular security or asset category.

Please understand JWCA does not guarantee or promise that your financial goals and objectives will be met. It is your obligation to review the analysis and provide updates whenever your financial situation, goals, objectives, or needs change, so your IAR can adjust his/her advice and your plan accordingly.

## **A.) Managed Programs:**

### **We offer four types of managed programs:**

- 1. *Transaction-Based Advisory Account Programs*** – This is a fee-based investment advisory account, in which your IAR will directly manage the investment account according to your financial profile and investment objectives. You will pay an ongoing, asset-based advisory fee based on the market value of billable assets being managed at an account-level, and nominal transaction fees for each transaction with some accounts incurring a program fee. Your JWCA IAR may or may not pay for these transaction costs. If the IAR does not pay for such costs, you will incur additional costs each time your JWCA IAR recommends the purchase and sell a security. This will increase the costs associated with such account, as compared to a Wrap Account. If your IAR elects to pay transaction charges, while you will not pay such costs, your IAR is incented to either not recommend transactions, in order to avoid having to pay such transaction costs, or may recommend investments which have lower transaction costs, but which may be more expensive to you. Your IAR will deliver ongoing investment advice and monitoring of your security holdings. You have the option to allow your IAR to manage your assets on a non-discretionary basis, wherein you must contemporaneously approve each transaction recommended by your IAR, or you may authorize, in writing, that your account be

managed on a discretionary basis, if certain qualifications are met. Certain minimum fees apply. In a discretionary account, your IAR makes investment decisions on your behalf, without your contemporaneous approval. In no case can your IAR withdraw funds or securities without your approval (Please see Item 16 for further details). Please note that in addition to the asset-based advisory fee, you will pay other certain fees, such as service charges.

2. *Asset-Based Advisory Account Program* – This is a “wrap” fee investment advisory account, in which your IAR will manage your investment account according to your financial profile and in exchange you will pay an ongoing advisory fee. Like a Transaction-Based Advisory Account Programs you will pay an asset-based Program Fee. Unlike a transaction-based advisory account, the asset-based fee in this Program covers certain transaction costs within the advisory fee. However, the Program Fee for JWCA’s Asset-Based offerings is higher. Thus, if you are a client that intends to receive advice on multiple securities transactions, the Wrap Account may be beneficial. However, if you intend to engage in fewer transactions, but still desire ongoing investment advice, a Transaction-Based Advisory Account may be more appropriate for you given its’ lower Program Fee. Understand that in a Wrap account, JWCA and the JWCA IAR have a conflict of interest in that they are incented to not recommend transactions since the costs of such transactions reduces the profitability of the Wrap Account to them. Your IAR will deliver ongoing investment advice and monitoring of your security holdings. You have the option to allow your IAR to manage your assets on a non- discretionary basis, or they may be managed on a discretionary basis, if certain qualifications are met and upon your written authorization. The overall cost you will incur if you participate in our wrap fee program may be higher or lower than you might incur by separately purchasing the types of securities available in the program. Note, there is no cost for the initial 50 trades placed in your account, however in the event trading activity exceeds that number on a rolling 12-month period (each 12-month period begins at your Anniversary date), you will be charged a \$9.95 transaction fee for each trade after the 50 trades. *For further information please refer to the JWCA Form ADV Part 2A Appendix Wrap Fee Program Brochure.*
3. *Managed Account Solutions Program* - The Managed Account Solutions (MAS) program allows your IAR to manage the investment advisory portfolio by using a third-party advisory service. This is a tri-party investment advisory program sponsored by Envestnet Asset Management, Inc. (Envestnet) and the clearing custodial firms, National Financial, LLC (NFS) or Independent Wealth Services (IWS). A custodian is the entity that actually holds your securities and other investments on behalf of JWCA. The MAS program consists of an extensive range of investment advisory services, including: Separately Managed Accounts, Mutual Fund Solutions, ETF Solutions, Unified Managed Accounts, Multi-Manager Accounts and an IAR Directed Model Program. Clients who select the MAS program will also receive Envestnet’s Form ADV Part 2A, which provides greater detail regarding the program sponsor.



Each of these programs has distinct fees and charges such as platform, custody and clearing and are outlined in the Statement of Investment Selection (SIS) that is provided to you prior to investing as are the minimum fee amounts by fee type. Your IAR will go over the features of each program with you so that you may determine your preferred cost option that best suits your investment style. Note, there is no transaction cost for the initial 40 trades, however in the event trading activity exceeds 40 trades on a rolling 12-month period (each 12-month period begins at your Anniversary Date), you will be charged a \$9.95 transaction fee for each trade after the 40 trades.

4. *The JWCA AMP Program (“AMP Program”)* This Automated Managed Platform program is offered **only** online through an interactive website. Utilizing a simple question-based process, an intuitive interface guides you step by step through the process to assess your risk tolerance, build your investment portfolio and open your own account. The AMP Program is a discretionary investment management service designed for individual investors with accounts of \$5,000 or more. The AMP Program is only available to residents of the U.S. and is not available to foreign investors (individuals or entities) or U.S. citizens residing outside of the U.S. Regular and continuous internet access is required to enroll in the Service and to access all AMP Program-related documents. You should not invest if you do not have regular and continuous Internet access. *For further information please refer to the J.W. Cole AMP Brochure*

#### **B.) Third-Party Investment Advisers:**

We also offer advisory services through Third-Party Investment Advisers (TPIAs) also known as, “third-party asset managers,” or, “unaffiliated investment advisers,” who manage your assets. Your IAR helps select the appropriate TPIA program for you consistent with your financial profile and investment objectives. We maintain an approved list of TPIAs who are available for your IAR to recommend. On an ongoing basis, your IAR monitors changes to your financial profile and the TPIA you selected, and provides continued advice for you to adjust the TPIA if necessary. You will be charged a management fee. A portion of this fee will be distributed to the TPIA, a portion will be distributed to the platform provider, a portion will cover the transaction costs, and a portion will go to your IAR and JWCA. A “platform provider” generally provides a range of services to financial advisors to help meet your portfolio management needs; including building various investment strategies, providing access to various asset managers and custodians, providing due diligence and research, portfolio construction, proposal generation, account rebalancing, account monitoring, performance reporting, account support, and other tools designed to manage and invest your assets.

#### **C.) Financial Planning and Consulting:**

We also offer financial planning and consulting services on matters involving securities and



non-securities topics, for which we charge either an hourly rate or a flat fee. These topics may include: tax planning, asset allocation, estate planning, investment planning, risk management, retirement planning, and college planning. Your IAR will consult with you to discuss your goals, objectives, risk tolerance, and any special circumstance unique to you. After performing this analysis, your IAR will present recommendations to you, either verbally or in a written financial analysis. Your IAR may prepare other special reports on these matters for you at your request.

To implement the planning advice you receive from your IAR, your IAR may recommend that you work with other professionals, such as other broker-dealers (including JWCF), investment advisers (including JWCA), attorneys or accountants. Your IAR may also recommend that you utilize various financial products to assist with helping to meet your financial goals. You are under no obligation to act on any of the financial planning recommendations provided to you by your IAR, and you may choose to implement the recommendations through other service providers.

Your IAR will base the financial planning recommendations on your initial profile provided at the time of engagement.

#### **D.) Variable Annuity Sub-Account Management:**

We offer advisory services based on managing variable annuity insurance products that you currently own. Variable annuity insurance products contain sub-accounts, which are portfolios of investment assets. Based upon your financial profile, your IAR will recommend an advisory service designed to assist you with selecting which sub-accounts best help you meet your financial goals. In some instances, your IAR may manage the investments in those sub-accounts. This includes variable annuity contracts you purchase through your IAR in their capacity as a registered representative of JWCF.

Alternatively, your IAR may recommend that you select a TPIA who will manage the sub-accounts according to your financial profile. This advisory service is separate from our other services pursuant to a written Annuity Advisory Agreement. Both your IAR and JWCA will receive a portion of the fee charged to manage your sub-accounts.

In addition, your IAR may recommend fee-only variable annuities. *For further information on Variable Annuity Sub-Account Management, please refer to Section 5.*

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## **Item 5 - Fees and Compensation**

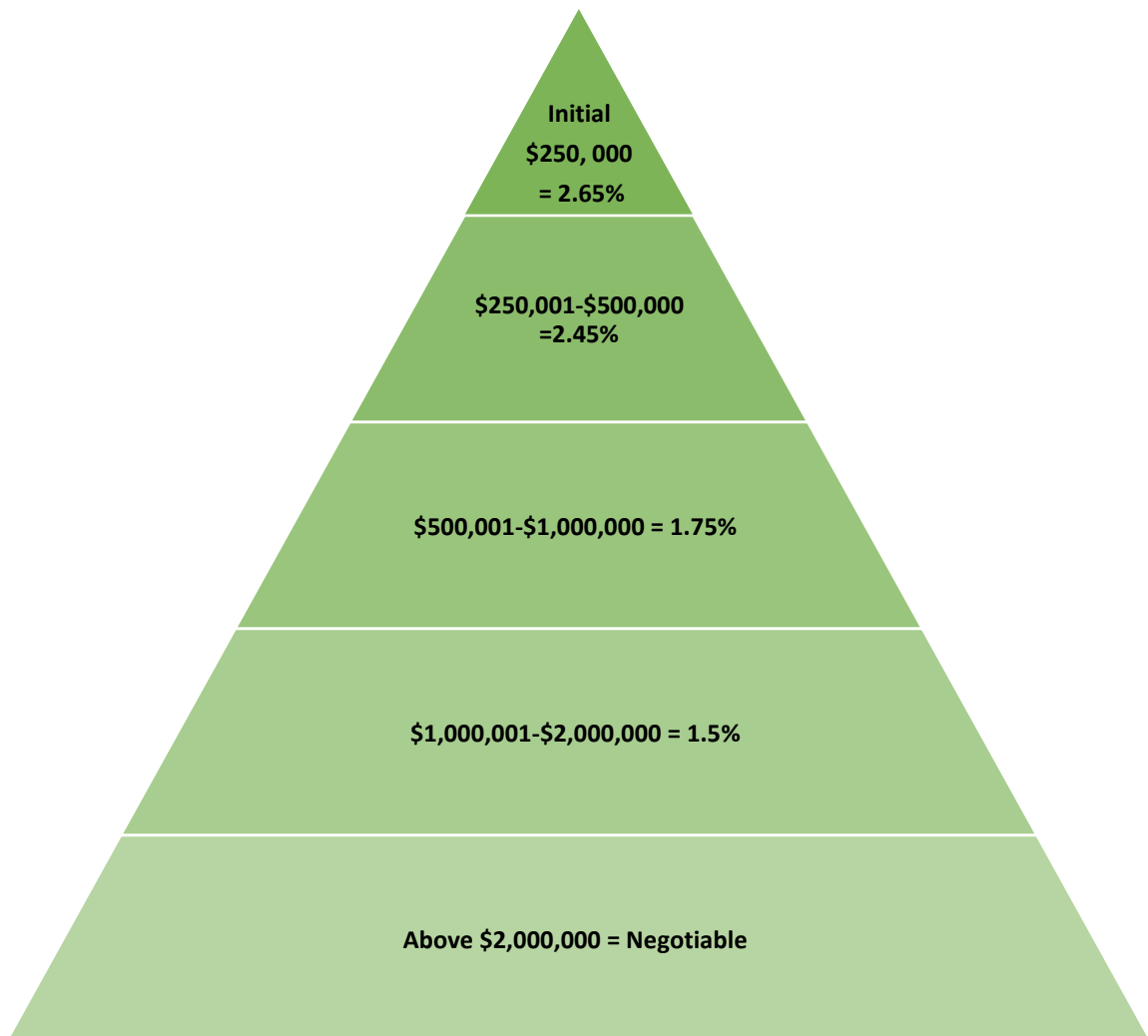
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### Managed Programs Fee:

The default advisory fee tiered schedule is applicable for all three managed programs: Transaction-Based Advisory Account Programs held at NFS and IWS, the Asset-Based Advisory Account Program, and the Managed Account Solutions Program.

Under certain circumstances, fees may be negotiated. Fees may also be charged at a flat rate, instead of on a tiered schedule. Your fees may be higher or lower than the default schedule. In all cases, the maximum fee is 3.00% and the minimum fee is 0.25%. Certain minimum fees may apply.

### Tiered Fee Schedule



The advisory fee is based on a percentage of the current market value of the billable assets in your account under our management. The advisory fee is calculated on a 365-day basis

and charged quarterly, in advance or in arrears based on the terms of your specific advisory agreement. The advisory fee schedule you are subject to is set forth in your written agreement for your specific advisory service. We calculate the advisory fee at the end of each calendar quarter, by using the ending market value of your assets in your account on the last business day of the quarter. We use a third-party fee-billing service that receives asset valuations from the custodian of your account, and we do not independently verify, value, or aggregate your assets. We pro-rate the initial and closing advisory fee, based on the number of days in which advisory services were rendered to you in the calendar quarter. Upon notification to us, advisory fees, not to exceed \$15,000 will be adjusted for additions or withdrawals to your account during the quarter.

The advisory fees are exclusive of, and in addition to, brokerage commissions transaction fees, account fees, program fees, and other clearing and execution costs incurred. Those costs are not shared with your IAR. These can include: commissions, postage and handling fees (also referred to as miscellaneous fee), confirmation fees, an annual account fee billed by the account custodian, an annual IRA fee, wire fees, termination fees, etc. These fees vary with the type of program. Please understand that if an IAR earns a commission on an investment in the capacity of a Registered Representative, those fees will be excluded from the calculation of the advisory fee. These fees are charged by the custodian and a portion of the fees are shared with JWCF. Please request a complete list of the fees for the program in which you are investing.

Upon notification that a pre-paid advisory service has been terminated, we will automatically pro-rate the period in question and rebate you back any fees due. It is not necessary for you to separately request the rebate.

### **Third-Party Investment Adviser Fees:**

Each of the Third-Party Investment Advisers will charge advisory fees in accordance with the terms of the agreement you signed with the TPIA. Advisory fees, or any minimum investment requirements imposed by the TPIA, may or may not be negotiable. The TPIA will custody your assets with their corresponding custodian.

TPIAs may or may not be wrap programs. Any fees or charges for brokerage and custodial services incurred in connection with the TPIA's management of your account are in addition to the TPIA's investment advisory fee. Depending on the arrangement with the TPIA you chose, our fee for the advisory services we provide to you may be paid to JWCA by the TPIA or directly by the custodian of your assets, who charges your account.

### **Financial Planning and Consulting Fees:**

Clients electing to engage us for financial planning and consulting services may choose between an hourly rate, or a flat fee for either a one-time engagement, or ongoing financial planning engagement. These fees may be negotiated prior to executing the agreement and

can be paid with a check. Clients electing a flat fee for financial planning services may be requested to pay the advisory fee in advance. For the hourly rate option, we may request payment either upon execution of your agreement, upon delivery of the advisory services, or some a combination of these. We may charge up to \$350.00 per hour for these advisory services.

Either party may terminate the agreement at any time by providing the other party with written notice. Upon termination, we will refund any unearned Financial Planning and Consulting Fees paid by you, based upon the amount of documented time your IAR worked on the financial plan prior to the termination of the agreement. You may terminate your agreement within five business days of signing the agreement to receive a full refund of all advisory fees paid.

### **Variable Annuity Sub-Account Management:**

Under certain circumstances, fees may be negotiated. Fees may also be charged at a flat percentage or on a tiered schedule. Your fees may be higher or lower than the default schedule. In all cases, the maximum allowable advisory fee is 2.00% and the minimum allowable fee is 0.25%. Certain minimum fees may apply.

The advisory fee is based on a percentage of the current market value of the variable annuity assets under management. The advisory fee is charged quarterly, in advance or in arrears based on the terms of your advisory agreement. The advisory fee schedule you pay is set forth in your Assets Under Management agreement, which will include details on how payment is made to JWCA. We calculate the advisory fee at the end of each calendar quarter using an actual day basis (365 days/year), by using the ending market value of your assets in your account on the last business day of the quarter. The market value is determined by your annuity(ies) company. We review, but do not independently verify or value your assets.

Your IAR, acting in his/her capacity as registered representatives of JWCF, may also receive or received commissions on the sale of variable annuities to you. In addition to commissions, variable annuities also carry internal fees. These commissions and fees create a conflict of interest if your representative recommends a variable annuity purchase to you, and as a result, receives both a commission on your purchase in his/her capacity as a Registered Representative of JWCF in addition to subsequent advisory fees for sub-account management. Your IAR must disclose this conflict of interest to you when the agreement is executed. Upon notification that a pre-paid service has been terminated, we will pro-rate the period in question and rebate you any fees due. It is not necessary for you to separately request the rebate.

You also have the option to select Third-Party Investment Advisers to manage the sub-accounts in your variable annuity. Under this relationship, you pay the TPIA's

management fee (and any other fees as identified in the TPIA's ADV Part II) per your agreement with the TPIA. You will also pay JWCA a solicitor's fee for the referral made by your IAR to the TPIA. This solicitor's fee is negotiable. The default fee is one percent (1%). Your TPIA will charge all of the fees to your account and forward us our portion as solicitor.

A "no-load" annuity generally charges lower fees and expenses and is not sold on a commission basis. Typically, a load annuity, sold on a commission basis, is not transferable into a similar no-load product offered by the same annuity company. In other words, if you have a load annuity, you will not likely be able to convert this annuity to a no-load annuity, even if it is held with the same annuity company. Many load annuities offer benefits and features that may not be available with no-load annuities, such as lower surrender fee schedules. While no-load annuities do not charge a commission and have lower annual fees, they may also lack certain features and benefits of load annuities. Please speak with your advisor regarding the features and benefits of the various annuities available to you.

### **Important Considerations Regarding Direct Billing to Your Custodian:**

Generally, your signed agreement authorizes us to bill advisory fees to the custodian of your account and directs your custodian to debit advisory fees from your account. Your statements produced by the custodian will reflect each advisory fee deduction from your account. You may withdraw the authorization for direct billing of these fees at any time by notifying us, or your custodian, in writing.

### **Conflict of Interest Considerations Regarding Mutual Funds and Variable Annuities:**

All fees paid to JWCA for advisory services are separate and distinct from the internal fees and expenses charged by mutual funds and/or variable annuity sub-accounts, which are described in each mutual fund's or variable annuity's prospectus. Generally, these internal mutual fund and variable annuity fees and expenses include a management fee for the mutual fund or annuity and other expenses. Mutual funds and variable annuities also generally pay distribution fees to JWCF, often referred to as 12b-1-fees. This can create a conflict for JWCA as it incents the Firm to recommend such mutual funds or annuities to increase revenue paid to JWCF, a broker-dealer with which JWCA maintains an expense sharing arrangement. The Firm mitigates this conflict by requiring its IARs to act in the Client's best interest when recommending mutual funds and annuities, and their respective share classes; supervising IARs' recommendations and advice; and regularly converting mutual fund share classes that charge 12b-1 fees to lower-cost share classes when appropriate.

Specifically, for advisory accounts that are not categorized as Employee Retirement Income Security Act of 1974 ("ERISA") qualified client plan accounts, every 60 days, the Firm

reviews whether you are invested in the mutual fund share class with the lowest overall fees available on the specific platform in which your mutual fund assets are custodied, consistent with your best interest. The review may determine you are invested in a share class that pays 12b-1 fees, even though a lower cost share class is available. The Firm remedies this conflict by regularly initiating a share class conversion on applicable client assets, from a higher cost share class to a lower cost share class, if we determine that conversion is in your best interest. However, certain limitations may apply that would cause the Firm to not to convert the funds to a lower share class including, but not limited to, minimum investment requirements by the mutual fund pre-approval requirements, surcharges imposed by the custodian, short-term redemption fees, etc. Because custodians may assess different surcharges, some mutual fund share classes deemed to be most appropriate at one custodian may be different at another custodian. Additionally, to the extent a non-12b-1 paying fund share class is unavailable on the NFS platform, the Firm works with JWCF to prevent 12b-1 fees from being paid to your IAR, within their capacity as a registered representative of JWCF. However, JWCF will still receive the payments. For JWCA advisory accounts that are categorized as ERISA client plan accounts, if a mutual fund pays 12b-1 fees to any of our IARs, who are also registered representatives of JWCF, we offset such 12b-1 fees against the Firm's investment management fees charge to the plan participants.

Certain funds also charge transaction fees to purchase or sell the fund. Advisory accounts that incur such transaction fees, commonly referred to as "ticket charges", are referred to as "Transaction-Based Advisory Accounts". At your IAR's discretion, he/she may choose to pay for your associated transaction costs. Please note, if your IAR elects to pay for such transaction costs, there is a conflict of interest in that your IAR is incented to not recommend that you purchase and sell securities as the IAR will have to pay the transaction costs. However, you will still be charged fees including an investment management fees, program fees and miscellaneous fees charged by the custodian, even if there are no purchases or sales of securities in your advisory account. In an "Asset-Based Advisory Account" (i.e. A Wrap Account), transaction costs are included in the investment advisory fees you pay. However, the program fee in an Asset-Based Advisory Account is higher than the program fee in a Transaction-Based Advisory Account and other miscellaneous fees also apply. You should review and discuss with your IAR, all JWCA fees and those fees charged by mutual funds, variable annuities, and other entities to fully understand the total amount of fees you are paying.

If your IAR, in his/her capacity as a registered representative with JWCF, elects to receive a commission on certain investments made with assets held in your account, this creates a conflict of interest. There is an incentive for your IAR to recommend investment products based on the compensation received by the IAR in his/her capacity as a registered representative of JWCF, rather than on your needs. Your IAR is therefore required to waive the advisory fee on these assets for a period of time.

Your JWCA advisory account may also contain certain assets for which no active investment advice is being given. These assets will be considered “excluded assets” and will not be billed an investment management fee while considered excluded. While an investment management fee will not be charged, any program fees or miscellaneous fees will still apply to your advisory account. Examples of excluded assets may include securities with disadvantaged tax consequences; restricted, control, affiliate, employer securities or other investments you may have an attachment to, as well as existing investments not recommended to you by your current IAR. The time period of that the investment management fee is excluded will be determined on a case-by-case basis. The assets subject to an investment fee waiver (i.e., “fee-excluded”) do not include a waiver of 12b-1 payments, which are mitigated by the steps discussed above. It is important to note that a commission paid to your IAR, in their capacity as a registered representative of JWCF on an excluded asset, may be higher than the amount of the advisory fee that would have otherwise been charged on the asset if it was not an excluded asset.

### **Conflicts of Interest Related to Loans**

JWCA provides various benefits and/or payments to newly-associated JWCA IARs to assist the IARs with the costs associated with transitioning the IAR’s clients’ business to JWCA (including IARs’ foregone revenues caused by their transition to JWCA) by offering forgivable loans to such IARs. These IARs, in turn, each execute a “Promissory Note” to JWCA. The Promissory Note reflects the IAR’s obligation to pay back the loan, including interest, *unless* the IAR meets certain agreed-upon terms, which then result in the loan being forgiven by JWCA. The agreed-upon terms generally require the IAR to remain associated with JWCA as an IAR for a period of time. While an IAR who meets the agreed-upon terms of a forgivable loan causes JWCA to forego the financial benefit of the loan repayment, the forgivable loans are structured by JWCA in such a manner that when the IAR remains associated with JWCA for a certain period of time, JWCA will generally receive an economic benefit from that continued association with JWCA, so that the loan can be forgiven. The forgivable loans are generally in the form of payments by JWCA/JWCF to the IAR with favorable interest rate terms as compared to traditional lender.

The proceeds of the forgivable loan may be used for a variety of purposes by the IAR, including but not limited to, providing working capital to assist in funding the IAR’s business, satisfying any outstanding debt owed by the IAR to the IAR’s prior firm, offsetting account transfer fees (ACATs) as a result of the IAR’s clients transitioning to a JWCA approved custodial platform, technology set-up fees, marketing and mailing costs, stationery and licensure transfer fees, moving expenses, office space expenses, staffing support and termination fees associated with moving accounts. However, JWCA does not verify that any forgivable loan proceeds given to an IAR are actually used for transition costs.



The amount of a forgivable loan to an IAR can be significant in relation to the overall revenue earned or compensation received by the IAR from his/her prior firm. The amount of the forgivable loan to the IAR is generally based the IAR's production established at his or her prior firm. For example, the amount of a forgivable loan may be based on a percentage of the revenue earned, or assets serviced by the IAR at the prior firm. As stated above, the loan is then forgiven by JWCA if the IAR remains associated with JWCA for a required number of years.

The IAR's receipt of a forgivable loan creates a conflict of interest in that an IAR has a financial incentive to recommend that a client switch from investment programs and options that the client maintained at the IAR's prior firm to advisory options available through JWCA. JWCA and its IARs attempt to mitigate these conflicts of interest by supervising and oversighting IARs to reasonably ensure that the IARs' clients use JWCA's services that are appropriate and based on the benefits that such services provided to clients. The supervisor of the IAR is not generally made aware of forgivable loans provided to the IAR, nor is the supervisor incented by the production of the IAR. However, clients should be aware of this conflict and take it into consideration in deciding whether to establish or maintain a relationship with the IAR and/or JWCA. Further, clients maintain the right not to use JWCA's services.

In addition to forgivable loans to IARs to assist with their transition to JWCA, occasionally JWCA may provide other loans to IAR's. These loans are generally intended to assist an IAR with the acquisition of another IARs book of business or other business-related activities. However, JWCA does not verify that any payments made are used for such activities. The supervisor of the IAR is not generally made aware of loans provided to the IAR, nor is the supervisor incented on the production of the IAR.

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### **Item 6 – Performance-Based Fees and Side-by-Side Management**

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JWCA does not charge any performance-based fees (fees based on a share of capital gains or on a share of capital appreciation of your assets). However, there may be some TPIAs offered by JWCA who charge performance-based fees. You should review the specific TPIA's Form ADV Part II to identify such fees.

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### **Item 7 - Types of Clients**

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JWCA provides the advisory services described above to: individuals, partnerships, pension and profit-sharing plans, trusts, estates, charities, corporations, and other entities. JWCA imposes certain conditions for starting or maintaining an advisory account. Generally, our

Traditional Advisory Account Programs require a minimum of \$10,000; our Asset-Based Advisory Account Program requires a minimum of \$100,000; and our Managed Account Solutions Program requires a minimum of \$25,000 in cash or securities. We may terminate the agreement if the account does not meet the minimum amount required. At our discretion, we may waive this requirement if, for example, you have additional or related accounts that collectively exceed the minimum requirements. Certain minimum fees apply.

TPIAs also impose minimum fees and may require larger minimums than JWCA. Please review all agreements and request your IAR to explain any fees or account requirements prior to executing your written agreement.

JWCA does not require a minimum account size for financial planning services but does impose a minimum fee.

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## Item 8 - Methods of Analysis, Investment Strategies and Risk Loss

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### Methods of Analysis:

Your IAR may employ methods of investment analysis to evaluate securities for potential investment recommendations. These methods include but are not limited to the following:

**A.) Fundamental Analysis:** A technique that attempts to identify investment opportunities by comparing an estimated true value of a company versus its current market value. The estimated value is conducted by assessing the company's current financial condition and consideration of other important company factors including, but not limited to: revenue projections, profitability, competitive advantages, liability exposure, management expertise, industry outlook, etc. Because it can take a long time for the market to reflect the company's value, one risk associated with this method of analysis is that gains may not be realized until the security's market price rises to the company's estimated true value, if at all. Furthermore, the information collected may be incorrect resulting in an inaccurate estimate of earnings, which may be the basis for the investment's value. If the company's security prices adjust rapidly to new information, relying upon fundamental analysis for investment opportunity may not result in favorable performance.

**B.) Technical Analysis:** A technique involving the analysis of past securities price movements to identify trends and attempt to forecast future price movements for potential investment opportunities. Unlike fundamental analysis, technical analysis does not analyze the company's value, but instead, analyzes the security's price movement in the market.

- Charting is a form of technical analysis in which the price and volume information for a security is analyzed using mathematical equations. The results are then graphically represented to illustrate patterns and identify potential investment opportunities.
- Cyclical analysis is another form of technical analysis, which focuses on the regularity of movements in the market and times trading to coincide with anticipated market cycles.

Technical analysis studies the supply and demand in the market in an attempt to determine what direction, or trend, will continue in the future. However, there are risks involved with the technical analysis method, including the risk that trends will change unpredictably and that market timing results may not be favorable if the charts do not accurately predict future price movements. Daily changes in securities prices may follow random patterns and may not be predictable with any reliable degree of accuracy.

Your IAR obtains information from a number of sources, both public and by purchase, including financial newspapers and magazines, inspections of corporate activities, research materials prepared by third-parties, corporate rating services, annual reports, prospectuses and filings with the SEC, and company press releases. JWCA believes these resources for information are reliable and regularly depend on these resources for allowing your IAR to make investment recommendations; however, JWCA is not responsible for the accuracy or completeness of this information.

### **Investment Strategies:**

The investment strategy recommended for you is based upon the initial financial profile information you provided to your IAR. It is important to at least annually review with your IAR your investment objectives, risk tolerance, tax objectives, liquidity needs, and any other relevant financial considerations, prior to choosing an investment strategy. All investments carry a certain degree of risk and no particular investment style or portfolio manager is suitable for all types of investors.

Your IAR may use a variety of investment strategies depending on your circumstances, financial objectives, and needs. Your IAR may recommend implementing one or more of the following investment strategies: long-term purchases (generally held at least a year); short-term purchases (generally held less than a year); trading (typically held less than 30 days); margin transactions (purchase of a security on credit extended by a securities company); and option transactions (call and put positions). If you are uncomfortable or object to any investment strategy proposed or used by your IAR, we request that you promptly advise your IAR of your concerns. Since you will receive confirmations from your account custodian for every transaction in your account, you need to contact your IAR if any transaction or series of transactions, in your view, is objectionable in any way. If you do not contact your IAR within sixty (60) calendar days, you are implicitly agreeing that each transaction, series of

transactions, and investment strategy is consistent with your investment suitability and goals.

### **Risk of Loss:**

Investing in securities involves risk of loss. Electing to follow the advice your IAR provides, indicates you have understood, prepared for and accepted this potential outcome. Investors face various risks, but not limited to any or all of the following types of investment risks:

- **Market Risk:** The values and prices of securities may fluctuate in reaction to tangible events such as an underlying security's operating results, or intangible events such as political, social, economic, or the forces of investor supply and demand. Securities values may decline upon negative influences from any of these circumstances.
- **Interest Rate Risk:** Fixed income securities (e.g. bonds) typically have an inverse relationship with the movements of interest rates, meaning the yields and prices of bonds will generally decrease during periods of rising interest rates. Interest rates can change based on a number of economic factors including but not limited to inflation, U.S. Federal Reserve monetary policy, and supply/demand.
- **Credit Risk:** There are three forms of Credit Risk which can impact the price of a security.
- **Default Risk** occurs when an issuer (e.g. a company or government entity issuing a bond) fails to satisfy the terms of the obligation with respect to the timely payment of interest and the repayment of the amount borrowed.
- **Credit Spread Risk** represents the risk investors experience when the yields of fixed income securities fluctuate and affect the market value of the bond. The credit spread risk is generally determined by the yield of a fixed income security relative to its risk-free alternative.
- **Downgrade Risk** is the risk that bond prices will decline, due to a downgrade in its issuer's credit rating as assigned by agencies such as Moody's or S&P.
- **Liquidity Risk:** Risk that a given security or asset cannot be readily traded, such as when there are few buyers for a security. This results in potentially having to sell the security at a loss.
- **Business Risk:** The probability of loss inherent in an organization's operations

and environment that may impair its ability to experience profit, negatively affecting the company's security's price.

- **Inflation Risk:** The uncertainty over the future real value of assets, due to the prevailing economic conditions.
- **Political Risk:** Risk that investment returns could suffer as a result of political changes or instability.

You should work with your IAR to attempt to identify the balance of risks and rewards that are appropriate and comfortable for you. However, it is still incumbent on you to ask questions if you do not fully understand the risks associated with any investment or investment strategy. By opening an advisory account, you are explicitly acknowledging that you understand and accept that there is always a risk of loss, or below-market rates of performance.

While your IAR strives to render his/her best judgment on your behalf, many economic and market variables are beyond the control of your IAR and JWCA and these variables may affect the performance of your investments. JWCA and your IAR cannot assure you that your investments will be profitable, or that no losses will occur in your investment portfolio. Past performance is one consideration with respect to any investment or investment adviser, but it is not a predictor of future performance. If you are ever uncomfortable or unhappy with your investment performance, you need to contact your IAR immediately to discuss your concerns or contact JWCA at (866) 592- 6531.

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## Item 9 - Disciplinary Information

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On August 25, 2021, JWCA, without admitting or denying the findings, consented to the entry of an Order by the Securities and Exchange Commission that its mutual fund share class selection practices resulted in an unaffiliated broker-dealer, with which JWCA maintained an expense sharing arrangement, receiving three types of fees generated by certain transactions in JWCA advisory accounts without being fully disclosed. Between January 2014 and November 2016, JWCA recommended that JWCA advisory clients purchase or hold mutual fund share classes that charged 12b-1 fees when lower cost share classes were available for the same fund(s). Between January 2014 and March 2021, JWCA recommended that JWCA advisory clients purchase or hold mutual fund share classes which resulted in an unaffiliated broker-dealer, with which JWCA maintained an expense sharing arrangement, receiving revenue sharing payments when lower-cost share classes of the same mutual funds were available and would have resulted in no or lower revenue sharing. Additionally, between September 2016 and March 2020, the same unaffiliated broker -dealer

received revenue sharing payments when client assets were invested in certain share classes of money market funds used as cash sweep vehicles when other, non-revenue sharing money market fund options were available.

JWCA failed to adequately disclose to advisory clients the conflicts of interest relating to the payments of these fees and its selection of certain mutual fund or money market share classes that paid such fees. As a result of this conduct, JWCA, without admitting or denying the findings, consented to an Order that found JWCA violated Sections 206(2) and 206(4) of the Advisers Act and Rule 206(4)-7 thereunder. Pursuant to the Order, JWCA was ordered to cease and desist from committing or causing any violations and any future violations of Sections 206(2) and 206(4) of the Advisers Act and Rule 206(4)-7. Further, JWCA received a censure and agreed to pay disgorgement, prejudgment interest and a civil penalty totaling \$1,957,053.11. JWCA will comply with the undertakings enumerated in the Order.

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## **Item 10 - Other Financial Industry Activities and Affiliations**

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JWCA and JWCF are not under common ownership and are separate and unaffiliated companies. JWCA and JWCF share a physical office location and mutually seek to minimize expenses of administration by sharing certain equipment, supplies, and other administrative and office expenses.

When we selected JWCF as an outsourced serviced provider, we considered JWCF's variety of services, financial stability and competitive commission rates in our effort to provide brokerage services that meet your needs. In the capacity of a registered representative with JWCF, your IAR normally earns commissions on purchases the sales of securities and insurance products. This creates a conflict of interest when your IAR recommends the purchase of product, for which they receive a brokerage commission. To mitigate any conflicts, JWCA does not require you to purchase any recommended brokerage products from our IARs, or to utilize JWCF, for any products or services. You are free to purchase such products from another broker-dealer. If you do choose to use JWCF brokerage services, JWCA further mitigates this conflict by excluding certain products sold on a commission basis at JWCF from billable assets at JWCA for the purpose of calculating your advisory fee, as described above in the "Item 5 - Fees and Compensation" section.

Referral arrangements with an unaffiliated professional may also present a conflict of interest because we may have a direct or indirect financial incentive to recommend another professional's service as a result for his/her referral of clients to JWCA. While we believe that compensation charged by an outside professional is competitive, such compensation may be higher than fees charged by other professionals providing the same or similar services.

Some of our IARs are licensed in other professional capacities such as accountants, attorneys, and insurance agents. These other professional services are separate and distinct from our advisory services. When you use these businesses to purchase or sell securities or insurance, or to obtain accounting, tax, legal or other professional services, you will incur commissions, fees, and/or charges. These charges are not part of JWCA's advisory fees. When an IAR recommends for you to utilize a separate service, these generate additional sources of compensation for the IAR and therefore creates a conflict of interest. To mitigate such potential conflict, JWCA will never require you to utilize a separate service offered by your IAR, nor are you required to implement any tax, legal, investment, or other recommendations through such businesses. You are always free to use any accountant, attorney, insurance agent, or any other professional of your choice.

In some instances, we may allow your IAR to independently own their own Investment Adviser (IA) firm. In such cases, your IAR is then dually registered as an IAR of both JWCA, and their own investment adviser firm. As a result, your IAR may provide advisory services to you under their own advisory firm, or under JWCA as described in your written agreement. In every situation, you should carefully consider any conflicts of interest when your IAR offers other professional services, for which they receive additional compensation.

JWCA also has a dedicated team of IARs in its corporate office who operate a "doing business as" ("dba") unit of JWCA, known as Dash-Wealth. In addition, a small subset of Dash-Wealth employees, who are also IARs of JWCA operate their own offices around the United States, Dash-Wealth is not a registered investment adviser. These JWCA Dash-Wealth IARs may service certain accounts of JWCA clients that are not currently serviced by an IAR. In some cases, these IARs are compensated as employees of JWCA, and such compensation can include a salary, bonus and other things of value as set out above. Dash Financial is an affiliate of JWCF and JWCA.

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## **Item 11 - Code of Ethics**

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JWCA has adopted a Code of Ethics describing the standards of business conduct that we expect all officers, directors, employees, and IARs to follow. Our code also describes certain reporting requirements that individuals associated with JWCA, or employed by us, must comply with.

JWCF, in its capacity as a broker-dealer may buy and sell securities in their proprietary accounts. In addition, IARs buy and sell securities in their own accounts. These accounts are known as "proprietary accounts." JWCA, however, does not maintain proprietary accounts.



Also, your IAR may recommend to you and other clients, securities which he/she is investing in personally or recommending to other clients. Both scenarios create a conflict of interest. To mitigate any potential conflicts, JWCA may aggregate orders for securities transactions for more than one client. In appropriate circumstances, the aggregation may include proprietary accounts. However, we strive to treat each client fairly and will not favor any given client or proprietary account.

JWCA does not act as principal in securities transactions. JWCF, in its capacity as a broker-dealer, may act as principal when buying or selling fixed-income securities. In these situations, your trade confirmation will notify you that JWCF acted as principal for the transaction. JWCF will only act as a principal for fixed-income products if this action can secure a better price for you in the open market. This will result in a lower overall cost to you, compared to an automated trade. Appropriate JWCA personnel monitor these transactions. If a conflict of interest arises, we will promptly notify you of such a conflict.

Further, we maintain internal policies which generally prohibit IARs from knowingly buying or selling securities from a client, as principal and effecting agency cross transactions involving a client. However, it is possible that the executing broker-dealer, without your IAR's knowledge or our knowledge, could inadvertently cross your transaction. A cross trade is where buy and sell orders for the same asset are offset without recording the trade on the exchange. Appropriate JWCA personnel will review cross transactions, as well as transactions by employees and related persons, in an effort to ensure best price execution and minimize any conflicts of interest.

You may request a copy of our Code of Ethics by contacting our corporate office, at (866) 592-6531 or email us at: [compliance@jw-cole.com](mailto:compliance@jw-cole.com).

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## Item 12 - Brokerage Practices

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JWCA does not require you to use a specific broker-dealer to execute securities transactions for your account. However, we have established a relationship with a broker-dealer, JWCF, and with their clearing firm, National Financial, LLC ("NFS"), a subsidiary of Fidelity Investments, which acts as custodian. We also use Institutional Wealth Services ("IWS"), a business unit and a division of Fidelity Institutional and a subsidiary of Fidelity Investments, TD Ameritrade Institutional and Schwab Institutional as custodians.

In the absence of a written pre-approval from JWCA to allow for the use of another broker-dealer, your IAR will utilize JWCF to execute securities transactions for your advisory account through its relationship with NFS. As described in "Item 10 – Other

Financial Industry Activities and Affiliations” when selecting JWCF as the broker-dealer, it creates a conflict of interest, if your IAR is dually registered as a registered representative of JWCF. JWCA allows for this conflict by considering the additional advisory services provided. However, JWCA must determine, in good faith, that the amount of any commission or transaction fee paid to JWCF is reasonable in relation to the value of the brokerage services provided. This is viewed in terms of either a particular transaction, or our overall responsibilities with respect to accounts, as to which we exercise investment discretion. JWCA may evaluate other broker-dealers from time to time, to determine if a better combination of services and commission rates are available for our clients.

### **JWCF Conflicts of Interest:**

Any commissions or transaction fees you pay as a result of a securities transaction for your account will be determined according to standard commission rates in effect at JWCF, or as negotiated by you and your IAR. Commissions and ticket charges charged by JWCF are competitive in the industry but are not the lowest commissions available. These are paid by you in your JWCA account and partially shared with JWCF. They are not shared with your IAR or JWCA. The sharing of commissions with JWCF is a conflict of interest when your IAR is affiliated with both JWCF and JWCA. This conflict is mitigated, since these charges are not shared with your IAR, and JWCA does not require you to use JWCF to effect transactions. You always have a choice as to the type of advisory services that you select. The overall cost you will incur if you participate in our wrap fee program may be higher or lower than you might incur by separately purchasing the types of securities available in the program. Since you have the ability to choose the type of account you want, including the fee structure and the custodian, we believe this mitigates this conflict.

### **Variable Annuities:**

Variable annuities are complex investments offered by insurance companies. Investment in a variable annuity contract is subject to general market risk and the insurance company’s credit risk. Variable annuities are regulated under both securities and insurance laws and the related rules and regulations. Variable annuities may offer benefits and features that may or may not have value to you depending on your circumstances, which your IAR will discuss with you. Similar to other investments, commissions are paid for the purchase of variable annuities (excluding fee-based variable annuities) and there are often surrender charges for early liquidation. These charges are clearly listed in the product’s prospectus. You will find additional information about the risks, commissions, surrender charges, and other expenses in the prospectus.

Similar to mutual funds, insurance companies may charge a variety of fees and charges against the assets invested in the sub-accounts of the insurance contract. As noted above,

this typically means there are two layers of advisory fees incurred: one layer by the insurance company and one layer to JWCA for your advisory services.

As described in more detail in “Item 10 - Other Financial Industry Activities and Affiliations,” many of our IARs are also registered representatives with JWCF and licensed to sell general securities products, such as commission-based variable annuities. If your IAR, in their capacity as a representative of JWCF, receives any compensation in connection with the sale of those products, it creates a conflict of interest. To mitigate this conflict of interest, you are not required to purchase any brokerage products through JWCF.

### **Benefits Received:**

Brokerage service providers frequently offer us other products and services that assist us in managing and administering clients’ accounts, but these may not directly benefit your account. JWCA often uses many of these products and services to service all, or a substantial number of, our client accounts, including providing these services for accounts that are not utilizing alternate broker/dealer services. These products and services include software and other technology that:

1. provide us access to client account data, such as trade confirmations and account statements;
2. facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
3. provide market reports, pricing and other economic data;
4. facilitate payment of our fees from our clients’ accounts; and
5. assist with back-office functions, recordkeeping, and client reporting.

Brokerage service providers also offer a wide variety of other services intended to help us manage and further develop our business enterprise. These services include support and assistance in such areas as: compliance; legal; business consulting; publications; conferences on practice management and business succession, and access to employee benefits providers; human capital consultants; and insurance providers. Brokerage service providers, at times, provide other benefits to us, such as educational events or occasional business entertainment of our personnel. In evaluating whether to recommend a custodian for your assets, JWCA and/or your IAR may take into account the availability of some of these services and other arrangements as part of the total mix of factors considered, in addition to the nature, cost or quality of custody and brokerage services. The availability of these services creates a conflict of interest. However, to mitigate this conflict, JWCA does not encourage or limit the benefit of these products and services to only clients utilizing a specific brokerage service as their custodian. JWCA allows the use of the market data and other services provided by the brokerage service providers or other institutions with which our clients have accounts for the benefit of all clients.

Unless directed otherwise by you, we seek to negotiate commissions, mark-ups, and other

brokerage fees to ensure a reasonable rate based on multiple factors, including execution prices which we review annually to determine their reasonableness.

### **Soft Dollars:**

The Firm may enter into an agreement with our brokerage service providers to allow JWCA to receive certain brokerage and research products and services that qualify under Section 28(e) of the Securities Exchange Act of 1934. These benefits associated with this agreement may not directly benefit you, the client.

### **Client Referrals:**

JWCA receives no referral from our brokerage service providers or third party in exchange for using that broker-dealer or third party.

### **Expense Sharing:**

JWCA has an expense sharing agreement with JWCF in connection with providing us with office space, office equipment, and administrative services in return for JWCA directing securities transactions for execution and clearing to NFS. This agreement provides a financial benefit to JWCA, which does not directly benefit you. However, to mitigate this conflict of interest, you may utilize a different broker-dealer to purchase your securities, as described in more detail below under the “Directed Brokerage” section.

### **Cash Balances:**

#### **Cash Sweep**

Cash balances in your advisory account are normally placed in a cash sweep account or, in some instances, “cash alternatives”, such as a money market fund which typically pays you interest on the cash in your advisory account. As disclosed above, JWCA does not custody client accounts and you, the Client, have the ability to decide where your account will be custodied. While JWCA does not require you to use any particular custodian, the Firm has a relationship with a broker-dealer, JWCF (see Item 4 above), and JWCF’s clearing firm, NFS. Cash sweep accounts and money market funds offered through JWCA are typically custodied at NFS.

#### **Cash Sweep Accounts Custodied at NFS through JWCF**

In an effort to minimize potential conflicts of interest, the default for cash sweep on the NFS platform will be the FDIC – Insured Deposit Sweep (“QPRMQ”). This option provides you with FDIC protection that other options do not afford. In some cases, specifically certain entity accounts, where QPRMQ is not available, the Fidelity Government Money Market

Fund (“SPAXX”) will be used. Note that when your cash balance is placed in a FDIC-Insured option or a money market fund, the cash balance is not invested in securities.

FDIC-Insured Deposit Cash Sweep Accounts:

As previously mentioned, your cash will be held in an FDIC-Insured Deposit Cash Sweep Account (often referred to as QPRMQ) for accounts custodied at NFS, through JWCF. Accounts such as QPRMQ is considered a cash sweep account. This position pays you interest on the cash balance of the account. That cash balance, however, also incurs several fees: (1) a management fee, charged by JWCA; (2) an asset-based fee charged by NFS; and (3) certain internal fees paid to each Program Bank participating in QPRMQ. (Additional details about this account, including information about fees charged by the account manager, can be found in the Fidelity® Cash Management Account FDIC-Insured Deposit Sweep Program Disclosure).

The recommendation to open a FDIC-Insured Deposit Cash Sweep account and the potential for JWCA to generate fees based on your use of that account creates certain conflicts of interest between you and JWCA and/or between you and your IAR:

1. **JWCA Management Fee.** The management fee charged by JWCA to you is determined based on the total value of the assets in your advisory account, including any cash balance in an FDIC-Insured Deposit Cash Sweep. JWCA is incentivized to recommend that you maintain cash in your advisory account because it would increase the amount of assets in your advisory account subject to the management fee (thereby increasing the amount of the fee).
2. **NFS Asset Based Fee:** NFS receives a fee from participating Program Banks on all assets held by JWCA clients in an FDIC-Insured Deposit Cash Sweep account. NFS shares a portion of that fee with JWCF pursuant to a revenue sharing agreement. JWCF receives up to an annual rate of 1.37% across all assets held in FDIC-Insured Deposit Cash Sweep. The fee is determined in the aggregate and based on a percentage of the average daily balance of all assets held in the FDIC-Insured Deposit Cash Sweep. Participating Program Banks may pay rates of interest that are lower than prevailing market interest rates. The NFS Asset Based fee is not shared with JWCA or your IAR, but, because JWCA and JWCF have entered into an expense-sharing agreement (see Item 4 above), there exists a conflict or potential conflict because use of the FDIC-Insured Deposit Cash Sweep account by JWCA clients results in additional revenue to JWCF. As noted above, however, there is no requirement that you use NFS as your custodian.

### **Mutual Funds, Index Funds, and ETFs:**

Mutual Funds, Index Funds, and ETFs typically charge their shareholders various fees and expenses associated with the establishment and operation of the funds. These fees will generally have a management fee, a shareholder servicing fee, other fund expenses, and sometimes a 12b-1 fee. As discussed above, mutual funds and variable annuities that pay 12b-1 fees to JWCF can create a conflict for JWCA as it incents the firm to increase revenue to JWCF, with which JWCA has an expense sharing arrangement. For all advisory accounts, the Firm seeks to minimize this conflict as described above (See “Conflicts of Interest Considerations Regarding Mutual Funds and Variable Annuities”). Certain Mutual Funds, index funds or ETFs may also impose short term redemption fees for sales of funds that occur prior to the specified period as outlined in the prospectus, which is available from your IAR, the fund, or JWCA upon request.

Consequently, for any type of mutual fund or variable annuity investment it is important to understand that you may be paying various levels of fees and expenses: one layer of fees and expenses is paid at the fund or annuity level, as discussed above, another layer of fees is paid by you directly to JWCA and your IAR to manage your advisory account (e.g., investment management fee). JWCA or the custodian may also impose a Program Fee to maintain your advisory assets and execute transactions.

NFS also offers JWCF access to its No Transaction Fee Program (“NTF Program”). As part of the NTF Program, NFS waives transactions fees that it, and JWCF, would otherwise charge the client for purchases and sales of certain mutual funds available on NFS’ platform. Instead of charging a transaction fee, these funds generally have higher internal fees and expenses, than a similar, non-NTF Program fund. Such fees and expenses negatively impact the performance of the fund over time. Depending on how long you remain invested in the NTF Program fund, you may pay more in fees than you would if you had invested in a non-NTF Program fund, even though there was no transaction charge on the purchase. These mutual funds are sold under prospectus where the various share classes and internal fees are outlined. The Firm strongly encourages you to review the fund prospectus. The specific funds that are part of NFS’ NTF Program are determined by the mutual fund companies and the custodian and not by JWCA or its unaffiliated broker-dealer, JWCF, with which JWCA maintains an expense sharing arrangement.

In addition, NFS shares a portion of the revenue it receives from the NTF Program funds (up to 10bps) with JWCF. The amount shared with JWCF is based on the aggregate of JWCA client balances invested in NTF program funds.

JWCF’s receipt of these shared-revenue funds from NFS, resulting from the recommendations of the IAR of JWCA, creates a conflict of interest between you and JWCA. JWCA is incentivized to recommend NTF funds that are part of the NTF Program because they result in a revenue payment to JWCF. The Firm seeks to mitigate these conflicts as



outlined below:

- 1) You, as a client, receive a lower transaction charge when you purchase an NTF Program fund compared to purchasing a fund that is not in the NTF Program.
- 2) The Firm does not have proprietary models for using NTFs nor does it promote and or encourage the use of specific mutual funds.
- 3) IARs are not informed about which funds pay a revenue share to JWCF, and therefore do not select which funds to recommend to you based on an expectation of receiving a revenue payment; and
- 4) Certain NTF funds are designated as iNTF, also referred to as Managed NTFs. These funds allow you to not incur a transaction charge and are not part of the NTF Program that shares revenue with JWCF and therefore have lower fees and expenses of the share classes of the same funds in the NTF Program. When available, JWCA seeks to hold NTF assets in funds designated as iNTF

### **Directed Brokerage:**

Retail brokerage services are made available through National Financial Services, which has an agreement with JWCF, a registered broker-dealer an unaffiliated firm of JWCA.

JWCA requires clients to agree in their Assets Under Management Agreement that their account(s) are introduced by JWCA on a fully disclosed basis, and that securities purchases and sale transactions in their account(s) shall be directed through JWCF. You should consider that not all investment advisory firms allow clients to direct execution of transactions through a specific broker-dealer. Brokerage accounts are carried by, and brokerage transactions are cleared and settled through, JWCF, subject to JWCF policies to assure that the resultant price to the client is as favorable as possible under the prevailing market conditions.

### **Trade Allocation Policy Review:**

JWCA has adopted a trade allocation policy to govern how we handle the aggregation of orders for more than one client's account. We may aggregate orders for securities transactions for more than one client. In appropriate circumstances, the aggregation may include proprietary accounts (e.g. personal accounts of IARs). We strive to treat each client fairly and will not favor any given client or proprietary account. When executed, we will allocate the aggregated order with the intent to achieve fair treatment. The purpose of aggregating orders is for our administrative convenience and, in some transactions, to obtain better execution for the aggregated order than might be achieved by processing each of the transactions separately. A consequence of not aggregating a client's order with other orders for the same securities is that the client may not obtain as favorable of a price, or as low of a cost in a separate transaction, as clients whose orders have been aggregated.



Each account that participates in an aggregated order will participate at the average share price for all transactions in that security on a given business day. If permitted by the broker-dealer effecting the transaction, transaction costs will be shared on a pro rata basis. Some broker-dealers charge brokerage commissions on each participating client in accordance with the size of that client's share of the aggregated order, regardless of the total size of the aggregated order. If an aggregated order is not filled in its entirety, it will be allocated among participating accounts on a fair and equitable basis. This is typically done on a pro rata basis.

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### **Item 13 - Review of Accounts**

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IARs will provide ongoing investment advice and continuously monitor their clients' portfolios. As part of the investment process, IARs may schedule annual client meetings, or meet at any time at the client's request. Meetings are generally conducted in person but can be conducted by telephone. During a client meeting, the IAR will review the performance of your account and verify that that your portfolio is still consistent with your stated investment objectives, asset allocation, and risk tolerance. JWCA may also review your account based on: material market, economic or political events, or by changes in your financial situation, (such as retirement, termination of employment, physical move, or inheritance) large deposits or withdrawals from your account, or your request for an additional review.

If we provide you with portfolio management services, we may prepare portfolio reports, depending on the size of your account and whether the money manager, broker-dealer, or custodian involved in the relationship regularly produces reports. However, for the most part, we rely on the custodians and third-party investment advisers to send written reports directly to you, or to your IAR, who in turn distributes them to you. Reports provided by JWCA will include security and cash transactions, along with end of period holdings.

Each client of JCWAs advisory services provided on an ongoing basis will receive a quarterly report detailing your advisory account, including assets held, asset value, and calculation of fees. This written report will come from the custodian.

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### **Item 14 - Client Referrals and Other Compensation**

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## Other Compensation:

JWCA must disclose any economic benefits we, or our IARs, receive for providing investment advice and other services to you, as described in “Item 10 - Other Financial Industry Activities and Affiliations.” IARs may receive additional compensation from JWCF for the execution of transactions in your account. Additionally, when serving as licensed insurance agents, accountants, attorneys or in other professional capacities distinct from JWCA, our IARs may receive other forms of compensation. As we described above, while this creates a conflict of interest, we mitigate this conflict by not requiring you to purchase such other products or professional services. We also describe in “Item 12 Brokerage Practices” that we receive ancillary benefits, services and products from custodians and broker-dealers.

A potential conflict of interest exists as certain TPIAs or TPIA platforms that you invest with will pay us a marketing fee. Currently AssetMark, Orion Portfolio Solutions, Jackson National, and Howard Capital Management pay marketing fees to us based on the JWCA client assets invested in their TPIA platforms. The amounts paid to us differ with each TPIA. These fees are not greater than 13bps (.13%). For example, if you invest \$10,000, JWCA could be paid up to \$13.00. We help mitigate this conflict because JWCA IARs do not receive any portion of these fees directly, nor are they aware of JWCA’s specific arrangements related to marketing fees. However, your IAR indirectly benefits, as these fees are used to support the costs relating to product review, marketing and training, and annual conference cost.

At times advisers receive economic benefits in the form of promotional items, meals or entertainment, or other non-cash compensation from representatives of mutual fund companies, insurance companies, TPIA’s and direct participation sponsors, as permitted by regulatory rules. Furthermore, the sale of mutual funds, variable insurance products, and other products, at times qualifies our representatives for additional business support and for attendance at seminars, conferences, and entertainment events. You are always free to choose or request programs that offer no direct benefits to the adviser.

Some IARs will receive a higher overall percentage of the management fee split between JWCA and the IAR based on the TPIA platform they recommend, excluding ERISA accounts. Our receipt of the compensation creates a conflict of interest because our IARs will have an incentive to recommend you use some third-party money managers or programs that provide such additional compensation to them. To help mitigate this conflict, JWCA does not share indirect payments, such as marketing fees, with IARs, or require you to use such money managers. Also, you may choose a different management platform that does not pay a higher overall payout percentage to your IAR.

Finally, some of the JWCA IARs will be compensated at different levels, depending on the product or program in which you are invested. This creates a conflict of interest because

your IAR may be incented to direct your assets into programs that compensate the IAR at a higher level. However, we mitigate this conflict by charging you the same level of fee regardless of your IAR's compensation level. We encourage you to ask your IAR about their compensation level in different programs.

### **Client Referrals - Solicitation Arrangements:**

From time to time, we engage “solicitors” to market our advisory services. If we do so, you will receive a separate solicitor’s disclosure brochure describing our solicitation arrangements with that entity or individual, the compensation we pay to the solicitor, and the terms of that relationship. You will also receive a copy of this brochure.

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### **Item 15 - Custody**

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JWCA will not take possession of or maintain custody of Client’s funds or securities.

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### **Item 16 - Investment Discretion**

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Your IAR will manage your assets on either a discretionary or nondiscretionary basis. Discretionary authority grants your IAR the ability, without obtaining your specific contemporaneous consent, to buy or sell securities for your portfolio as well as the amount of securities to buy or sell in a given transaction. In all cases, however, your IAR is required to exercise discretion that is consistent with your financial profile, account objectives, risk tolerance, any written investment guidelines, and any restrictions you established with us in writing to limit our discretionary authority in relation to your account. You must expressly authorize your IAR, in writing either at the beginning of your advisory relationship for your specific advisory service, or at the time discretion is requested in order for your IAR to trade on a discretionary basis for your account.

You may also be required to sign an agreement with your custodian, which generally includes a limited power of attorney. This limited power of attorney grants your IAR the authority to direct and implement the investment and reinvestment of your assets within the account. It does not grant your IAR the authority to transfer or withdrawal assets from your account.

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### **Item 17 - Voting Client Securities**

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As a matter of firm policy and practice, JWCA is not responsible to forward or respond to any proxy solicitations resulting from securities held in your account, including proxies for annual meetings or special meetings of shareholders. The custodians will forward proxy solicitation materials to you directly for your response or inquiry. Third-party managers (e.g. TPIAs) may vote proxies if authorized to do so in your agreement.

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### **Item 18 - Financial Information**

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As an investment adviser, we must provide you with certain financial information or disclosures about our financial condition if we have financial commitments that impair our ability to meet contractual and fiduciary commitments to you. We have not been the subject of a bankruptcy proceeding and do not have any financial commitments that would impair our ability to meet any contractual or fiduciary commitments to you.



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