

**JW · COLE**

**ADVISORS**

# **FORM ADV PART 2A**

## **DISCLOSURE BROCHURE**

**MARCH 29, 2019**

**J.W. COLE ADVISORS, INC.  
4301 ANCHOR PLAZA PARKWAY  
SUITE # 450  
TAMPA, FL 33634**

This brochure provides information about the qualifications and business practices of J.W. Cole Advisors, Inc., (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).

SEC File No: 801-60722

CRD No: 112294

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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 2018.

JWCA will acquire significant advisory assets from Global Financial Private Capital, LLC. Global Financial is also an SEC Registered Investment Advisor, located in Sarasota, Florida. The acquisition will add between 20-90 representatives to our advisory services in 2019. We do not anticipate any negative effect on our operations or service levels.

JWCA is changing the way we calculate the management fee you pay to us. Previously the fee was calculated with a timeframe of a quarter of a year and charged quarterly. We will now calculate it on an actual day basis (365 days/year) and continue to charge the fee quarterly.

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## **Item 4 - Description of Our Advisory Business**

JWCA is a 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 outsource agreement for the use of J.W. Cole Financial, Inc. ("JWC") for access to staff, office space, supplies, etc. As part of the outsource agreement, JWCA pays JWC for such services. JWC is a Financial Industry Regulatory Authority (FINRA) member broker-dealer. JWCA. and JWC are separate and distinct business entities with different ownership. JWCA has over 300 individuals associated as Investment Advisor Representatives (IARs). Our IARs manage assets on either a discretionary or non-discretionary basis. As of this filing (03/22/2019), we manage \$1,126,055,112 in client assets on a discretionary basis, and \$969,899,470 on a non-discretionary basis.

### **The Types of Advisory Services We Offer:**

JWCA offers a variety of advisory services. Each of our advisory services is tailored for you through a process directed by your IAR, who gathers the initial relevant information about your financial objectives, risk tolerances, and existing assets. This detailed snapshot is your personal “financial profile”. Your IAR analyzes your financial profile and investment objectives and recommends an advisory service designed to assist you with meeting your financial goals. On an ongoing basis, your IAR will review any changes to your financial profile and will monitor the advisory services you selected.

Our advisory services may include an investment portfolio consisting 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.

The advisory services we offer include various options to provide you asset management, investment advice, investment consulting, or financial planning and consulting. Your IAR may act as the investment manager, or they may recommend other non-affiliated asset managers.

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

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

1) *Traditional and Signature Advisory Account Programs* – Also known as a Portfolio Management Account (PMA). This is a fee-based investment advisory account, in which your IAR will manage the investment account according to your financial profile. You will pay a set advisory fee and a nominal transaction fee in lieu of a commission for each transaction. 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.

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. You will pay an asset-based advisory fee, which covers certain transaction costs within the advisory fee in lieu of a commission for each transaction. 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. *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) allows your IAR to manage the portfolio by using Envestnet’s services. 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) . 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. Your IAR will go over the features of each program to determine the lowest cost option that best suits your investment style.

### **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. We maintain an approved list of TPIAs who are available for your IAR to recommend, according to your unique financial profile. 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 investment manager, 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.

### **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 or particular circumstance unique to you. After analyzing your individual circumstances, objectives, and risk profile, 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, investment advisors, 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. 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 your plan accordingly.

#### **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. This may include variable annuity contracts you purchased through your IAR in their capacity as a registered representative of JWC.

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.

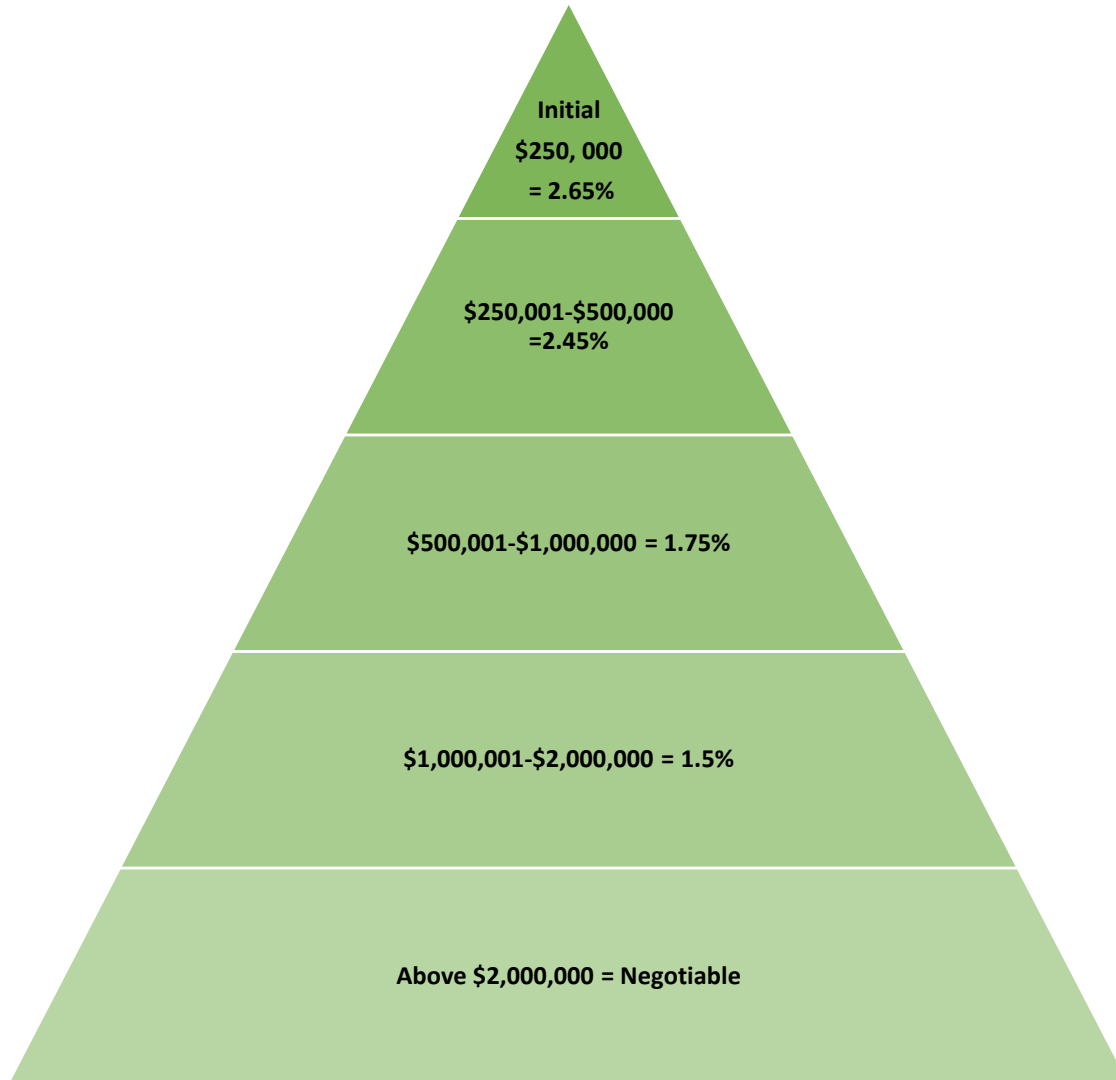
## **Item 5 - Fees and Compensations**

#### **Managed Programs Fee:**

The default advisory fee tiered schedule is applicable for all three managed programs: Traditional and Signature Advisory Account Programs, 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 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. The advisory fee schedule you are subject to is set forth in your written agreement. 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 or value 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 will be adjusted for significant 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, and other clearing and execution costs incurred. Those costs are not shared with your IAR. These can include: commissions, postage and handling fees, confirmation



fees, an annual account fee, an annual IRA fee, wire fees, termination fees, etc. These fees vary with the type of program. These fees are charged by the custodian and a portion of the fees are shared with JWC. Please request a complete list of the fees for the program in which you are investing.

Upon notification that a pre-paid 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 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. 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 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, instead of on a tiered schedule. Your fees may be higher or lower than the default schedule. In all cases, the maximum allowable 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 assets in your account under management. The advisory fee is charged quarterly, in advance or in arrears. The advisory fee schedule you pay is set forth in your written 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 company. We do not independently verify or value your assets.

Your IAR, acting in their capacity as registered representatives of JWC, may 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 a commission on your purchase in their capacity as a Registered Representative of JWC in addition to any 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 us 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.

In some cases there are no-load annuities available. Typically, a load annuity is not transferable into a similar no-load offered by the same annuity company. Many load annuities offer benefits and features that may not be available with no-load annuities. Because of their simplicity and lack of features, most no-load annuities charge lower annual fees than do load annuities. Please speak with your adviser to determine if the features and benefits you receive from a load annuity justify the additional cost for your financial profile.

### **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 us for advisory services are separate and distinct from the fees and expenses charged by mutual funds or sub-accounts, which are described in each mutual fund's or variable annuity's prospectus. Generally, these internal fees include a management fee and other expenses. Your IAR, in his or her capacity as a registered representative of JWC, often receives 12b-1 distribution fees and other commissions from investment companies in connection with the placement of client funds into certain investment companies.

You should review all JWCA fees and those fees charged by mutual funds, variable annuities, and others to fully understand the total amount of fees you are paying. At their discretion, your IAR may choose to pay for your associated transaction costs.

Receiving 12b-1 fees may also be a conflict of interest if alternative lower-cost share classes are available. To mitigate this conflict and to ensure you are getting the most suitable fee structure for your account, JWCA regularly monitors mutual funds in advisory accounts. If we find a lower-cost share class with the same fund, we will initiate a share class conversion of the fund to the lower share class. You should discuss the total level of fees you are paying in the plan that best suits your investment needs with your IAR.

If your IAR, in their capacity as a registered representative with JWC, 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 to recommend investment products based on the compensation received, rather than on your needs. Your IAR is therefore required to waive the advisory fee on these assets for a period of time.

Other fee-excluded assets may be marked as such by your IAR when there is no true active management or investment advice being given. Examples include: securities with disadvantaged tax consequences; restricted, control, affiliate, employee securities or other investments you may have an attachment to; and existing investments not recommended to you by your current IAR. The time period of these advisory fee exclusions will be determined on a case-by-case basis. The payments requiring advisory fee waiver do not include any 12b-1 payments, which are not considered commissions for purposes of fee waiver consideration. It is important to note that the resulting commission paid to your IAR, in their capacity as a Registered Representative of JWC, may be higher than the amount of your advisory fee as agreed upon in your signed agreement.

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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). There may be some TPIAs offered who charge performance-based fees. You should review their 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 and Signature Advisory Account Programs require a minimum of \$10,000; our Asset-Based Advisory Account Program requires \$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 may apply.

TPIAs may require larger minimums or may impose minimum fees. 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.

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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 one or more of the following methods of investment analysis to evaluate securities for potential investment recommendations:

**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. 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. Security values may decline upon negative influences from any of these circumstances.
- **Interest Rate Risk:** Fixed income securities typically have an inverse relationship with the movements of interest rates, meaning the yields obtained from existing bonds will generally decrease during periods of rising interest rates.
- **Credit Risk:** There are three forms of Credit Risk
  - **Default Risk** is when an issuer 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** is the risk investors experience when the values of debt instruments fluctuate because of the premiums required by market participants to obtain additional yield over risk-free alternatives.
  - **Downgrade Risk** is the risk that bond prices will decline, due to a downgrade in its credit rating as assigned by agencies such as Moody's or S&P.
- **Liquidity Risk:** Risk that a given security or asset cannot be traded quickly enough in the market to prevent or minimize a loss.
- **Business Risk:** The probability of loss inherent in an organization's operations and environment that may impair its ability to experience profit.
- **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 their best judgment on your behalf, many economic and market variables are beyond our control 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.

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### **Item 9 - Disciplinary Information**

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As an Investment Adviser registered with the SEC, we must inform you of all material facts regarding any legal or disciplinary events that may be influential to your evaluation of our firm.

There are no disciplinary actions to report.

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

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When we selected JWC as an outsourced serviced provider, we considered JWC'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 registered representatives with the broker-dealer, these individuals normally earn commissions on the sale 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 JWC, for any products or services. You are free to purchase such products from another broker-dealer. If you do choose to use JWC brokerage services, our IARs may further mitigate this conflict by waiving their advisory fee on these products, as described above in the “Item 5 - Fees and Compensation” section.

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 a business to purchase or sell securities or insurance, or to obtain accounting, tax, legal or other professional services, you will incur commissions, fees, and 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 create 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. You are at all times 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 advisor 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.

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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 we expect all officers, directors, employees, and IARs to follow. Our code also describes certain reporting requirements that individuals associated with us, or employed by us, must comply with.

JWC and JWCA IARs may buy or sell securities for our own accounts, otherwise known as proprietary accounts. Also, your IAR may recommend to you and other clients, securities which they are investing in personally or recommending to other clients. Both scenarios create a conflict of interest. To mitigate any potential conflicts, we generally aggregate or “block” orders for your account and our proprietary accounts into one large order in accordance with our trade aggregation and allocation policy. This procedure ensures all impacted accounts receive fair pricing. As described in the Trade Allocation Policy Review in “Item 12 – Brokerage Practices” these aggregated orders often achieve better execution and we fairly allocate those benefits among all participating accounts.

JWCA does not act as principal in securities transactions. JWC, 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 JWC acted as principal for the transaction. JWC 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. Our Chief Compliance Officer, Mr. Marco Fuentes, or a qualified delegate, monitors 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. Our Chief Compliance Officer, Mr. Marco Fuentes, or a qualified delegate, 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, JWC, and with their clearing firm, NFS, and their custodian firm, Institutional Wealth Services (IWS). NFS and IWS are both subsidiaries of Fidelity Investments. We also use TD Ameritrade Institutional and Schwab Institutional as custodians.

If you do not request and receive written pre-approval from us to allow for the use of another broker-dealer, your IAR will utilize JWC, NFS, or IWS to execute securities transactions for your account. As described in "Item 10 – Other Financial Industry Activities and Affiliations" regarding our other affiliations, when selecting JWC as the broker-dealer it creates a conflict of interest. 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 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. We evaluate other broker-dealers from time to time, to determine if a better combination of services and commission rates are available for our clients.

### **JWC 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 JWC, or as negotiated by you and your IAR in their capacity as a registered representative with JWC. Commissions and ticket charges charged by JWC 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 JWC. They are not shared with your IAR. The sharing of commissions with JWC is a conflict of interest when your IAR is affiliated with both JWC and JWCA. This conflict is mitigated, since these charges are not shared with your IAR, and JWCA does not require you to use JWC to effect transactions. You always have a choice as to the type of advisory services that you select. If you choose a wrap account, the commissions and ticket charges are paid by your IAR. Typically, wrap accounts will have advisory fees that are higher, to accommodate the commissions and transaction charges. 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.

### **Benefits Received:**

JWC, NFS, IWS and other 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 the alternate brokerage service. 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.

JWC, NFS, IWS and other brokerage service providers also offer a wide variety of other services intended to help us manage and further develop our business enterprise. These 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. These other 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 for you to custody your assets at NFS, IWS, or an alternative brokerage service provider, 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:**

JWCA does not receive research or other products or services, typically referred to as “soft dollar” benefits, from any broker-dealer or third-party.

#### **Client Referrals:**

JWCA does not have any incentives to select or recommend a broker-dealer based on receiving client referrals from the broker-dealer.

#### **Expense Sharing:**

JWCA has an expense sharing agreement with JWC 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 JWC, NFS, and IWS. This agreement provides a financial benefit to JWCA, which does not directly benefit you. However, to mitigate this conflict of interest, you are welcome to utilize a different unaffiliated broker-dealer to purchase your securities, as described in more detail below under the “Directed Brokerage” section.

#### **Cash Balances:**

Cash balances in your advisory account are normally placed in a bank credit program or a money market fund (cash alternatives) of your choosing. If your advisory account is held in custody at NFS, through JWC, you have multiple options as to where your cash balances will automatically be swept into while they are not invested in traditional securities. This sweep is normally desirable, since it enables you to earn interest on cash, while it is not invested. For each sweep option available, a management fee is charged by the manager of that fund or program.

This creates a conflict of interest in two areas:

- NFS typically shares a portion of that fee with JWC. The conflict is mitigated, however, as none of these fees are shared with your IAR. This leaves no financial

incentive for your IAR to choose one cash alternative over another. The conflict is further mitigated because you have the option to not have your cash in any of these programs or to choose a different custodian.

- Because you are being charged an advisory fee on the assets in your account, which includes the cash balances, and JWC is also sharing in the internal management fee of the cash balances, there is a second conflict of interest. This conflict is mitigated because the cash alternatives that are available to you pay a positive return after fees. If you do not use any cash alternative, you will receive no return on your static cash. Again we note that we do not require you to use JWC or NFS as the custodian for your advisory account. You are free to choose a different custodian for your funds.

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

Mutual Funds, Index Funds, and ETFs typically charge their shareholders various advisory 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 distribution fee. If the fund also imposes sales charges, you may pay an initial or deferred sales charge. These separate fees and expenses are fully disclosed in each fund's current prospectus, which is available from your IAR, the fund, or we can provide it to you upon request.

Consequently, for any type of fund investment it is important to understand that you may be paying two levels of advisory fees and expenses: one layer of fees and expenses is paid at the fund level and one layer of advisory fees is paid to JWCA and your IAR. In addition, many mutual funds pay shareholder servicing fees (12b-1 fees) to broker-dealers and their registered representatives in consideration of their services to the fund's shareholders. As described herein, our IARs are also normally representatives of JWC. As such, at times they receive this type of compensation with respect to your assets invested in these funds. However, if the mutual fund pays 12b-1 fees to any of our IARs, who are registered representatives for accounts which are categorized as Employee Retirement Income Security Act of 1974 ("ERISA") qualified plan accounts, we apply such fees to offset plan administration fees for the plan participants. For non-ERISA accounts, we regularly look to ensure you are receiving the mutual fund share class with the lowest overall fees. We do this by monitoring and testing the share classes you are invested in and verifying that you are in the lowest cost share class for your portfolio. At times, we will switch share classes in your portfolio to ensure the mutual funds in your portfolio are the lowest cost available for that fund, or if not the lowest cost available, the best available option for your portfolio. It is possible that before or after we review your account, you will be in a share class that pays the IAR 12b-1 fees, even though a lower cost share class is available. This is a conflict of interest. We remedy this conflict by regularly reviewing the share classes held by clients of JWCA and switching client assets from a higher cost share class to a lower cost share class, if we determine that switch would be in the client's best interest.

NFS currently has a “No-Transaction Fee” (NTF) fund program where a fund sponsor will pay NFS the transaction fee NFS normally charges the client to buy or sell a mutual fund. This is a benefit to you, since you will not have to pay the transaction fee to buy or sell the NTF mutual fund. Many of the fund sponsors in the NTF program will also pay to NFS a small portion of their management fee. NFS shares that fee with JWC. This is a conflict of interest because your IAR is incented to buy mutual funds in this program since you, as an investor, will not have to pay a transaction charge for buying or selling these mutual funds. This conflict is mitigated since:

- (1) your IAR does not receive any of the management fee NFS shares with JWC in this program;
- (2) and you as a client, receive a lower transaction cost versus any fund not in the NTF program.

Furthermore, if your IAR recommends mutual funds, they will primarily recommend “no-load” funds, which do not have upfront sales charges because the shares are distributed directly by the investment company, instead of going through a secondary distributing party.

### **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 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 JWC and licensed to sell general securities products, such as variable annuities. If your IAR in their capacity as a representative of JWC, receives any compensation in connection with the sale of those products, it creates a conflict of interest. In an effort to mitigate this conflict of interest, JWCA does not require you to purchase any brokerage products recommended by your IAR through JWC; you may choose to use an unaffiliated broker-dealer.



### **Directed Brokerage:**

While our receipt of market reports and other services or products from JWC, NFS, IWS or other brokerage service providers creates an incentive for your IAR to recommend such institutions to you as your custodian, we mitigate this conflict by allowing you to direct us, in writing, to use a different custodian. JWCA has the ability to accommodate such requests after conducting a due diligence review of the broker-dealer's trading platform, service capabilities, and fees. Upon our written pre-approval, your IAR will have the option to recommend which broker-dealer may be most appropriate for your needs. This relationship will include the broker-dealer serving as custodian and offering brokerage services for your accounts. You should understand that, in the case of such a directed brokerage arrangement, the following conditions will apply:

- You are solely responsible for negotiating the terms and arrangements with these broker-dealers, and we have no responsibility for reviewing the fairness of those terms and arrangements.
- We will not seek better execution services or prices from other broker-dealers in connection with transactions for your account.
- We will not be able to “block” or “aggregate” transactions for your account with transactions for our other clients not subject to a similar such arrangement.
- We will not monitor the performance of, or services provided by the broker-dealers you choose.
- As a result, you may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for your account than would otherwise be the case.

If required by law or fiduciary duties (including the fiduciary duty provisions under ERISA), we may seek better execution services or better prices from other broker-dealers or “block” your transactions for execution. We may also seek better execution services or better prices if the designated broker-dealer is unable or unwilling to effect a particular transaction, which may occur with certain fixed-income securities.

### **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. 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 in accordance with policies and procedures intended 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. JWCA will not knowingly aggregate orders for a client having a directed brokerage relationship with a client, who does not have a directed brokerage relationship with the same broker-dealer. 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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On an annual basis JWCA will review our client accounts, focusing on suitability issues. Our IARs are also required to review their clients' accounts. Factors that may trigger additional reviews include: changes in market conditions, changes in your financial situation or investment objectives, large deposits or withdrawals from your account, or your request for an additional review. In these instances, Mr. Marco Fuentes, our Chief Compliance Officer, or a qualified delegate will conduct the review. Mr. Marco Fuentes is responsible for the supervision of the reviews.

If we provide you with portfolio management services, we may prepare portfolio reports, depending on the size of your account and whether or not 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. They prepare and 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.

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

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## Client Referrals:

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.” our IARs may receive additional compensation from JWC for brokerage transacting for your account. Additionally, when serving as licensed insurance agents, accountants, attorneys or in other professional capacities distinct from JWCA, our IARs may receive commissions. 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 through our affiliated agencies or representatives. 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 TPIMs or TPIM platforms that you invest with will pay us a marketing fee. Currently AssetMark and Howard Capital Management pay marketing fees on the assets invested by us with their TPIM platforms. The amounts paid to us differ with each TPIM. . These fees are not greater than 13bps (.13%). For example, if you invest \$10,000, JWCA could be paid up to \$13.00. Your IAR does not receive any portion of these fees directly. 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, TPIM’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 advisor.

Finally, some IARs will receive a higher overall fee with respect to the revenue split between JWCA and the IAR based on the TPIM platform they recommend. 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. However, to mitigate this conflict we do not share indirect payments with advisers, or require you to use such money managers. You may choose a different management platform that does not pay a higher overall payout percentage to your IAR. 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, i.e. you will pay the same level of fee regardless of your IAR’s compensation level. We mitigate this conflict by disclosing it to you, by encouraging you to ask your IAR about their compensation level in different programs, and by not charging you any more or less for the various programs based on the IAR compensation level.

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

From time to time, we engage solicitors to market our services. If we do so, you will receive a separate solicitor's disclosure brochure describing our solicitation arrangements, 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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You will receive statements from the broker-dealer, bank, or other qualified custodian that holds and maintains your investment assets. Custodians will issue reports for any month in which there is activity, or quarterly at a minimum. These reports will reflect all cash, securities transactions and holdings for the period.

We urge you to carefully review these statements and compare these custodial records to any account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, to reporting dates, or valuation methodologies of certain 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. If your IAR manages your assets on a discretionary basis, we generally receive discretionary authority in writing from you at the beginning of our advisory relationship in your agreement. If you choose to do so, discretionary authority grants your IAR the ability to determine, without obtaining your specific consent, the securities to buy or sell for your portfolio and the amount of securities to buy or sell in a given transaction. In all cases, your IAR is required to exercise discretion that is consistent with your 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 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 proxies 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 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 SEC registered investment advisor, 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.



