

**Form ADV Part 2A-Appendix 1  
Wrap Fee Brochure**

RJL Wealth Management, LLC  
13520 Evening Creek Drive, North  
San Diego, CA 92128  
619-497-5555  
[www.rjlwm.com](http://www.rjlwm.com)

Date of Brochure: May 26, 2011

---

This **Wrap Fee Program Brochure** provides information about the qualifications and business practices of RJL Wealth Management, LLC. If you have any questions about the contents of this brochure, please contact us at 800-644-1150 or [rjlwmcompliance@rjlwm.com](mailto:rjlwmcompliance@rjlwm.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about RJL Wealth Management is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view RJL Wealth Management's information on this website by searching for RJL Wealth Management. You may search for information by using RJL Wealth Management's name or by using RJL Wealth Management's CRD number. The CRD number for RJL Wealth Management is 152396.

\*Registration as an investment advisor does not imply a certain level of skill or training.

## Item 2 – Material Changes

Regulators recently made changes to the disclosure document that we provide to clients as required by applicable rules and regulations. This rule changed the requirements for format, content and delivery of disclosure documents for SEC registered investment advisers. This Wrap Fee Program Brochure dated May 2011 is prepared according to the new requirements and rules.

You will notice that the format of this brochure is different than the “check the box” format you may have seen in the past. This narrative brochure is intended to be written in “plain English” and should be more user-friendly than previous versions. Important information should be easier to locate, read and understand.

The content is also slightly different. The SEC has required nine (9) different items to be discussed in this brochure. Although many of the items were included in previous version of this disclosure document, we must address all required items in this version of the brochure.

You are receiving a copy of this brochure to ensure you have important information to assist you in making investment decisions about the products and services offered through RJL Wealth Management, LLC.

In the past we have offered or delivered information about our Firm’s qualifications and business practices to clients on at least an annual basis. Pursuant to new rules, we will ensure that you receive a summary of any material changes to this and subsequent Disclosure Brochures within 120 days after our fiscal year ends. Our fiscal year ends on December 31 so you will receive the summary of material changes that were made to the brochure by no later than April 30 each year. Along with this summary you will receive instructions on how to obtain an updated copy of the full brochure if you would like one. You will receive an updated brochure or summary of material changes whenever important information changes.

Since we filed our 2010 annual amendment, changes have been made to information that was previously disclosed. A brief summary of those changes is provided below.

- The owners of the Firm, the investment advisor representatives are no longer dually licensed with Raymond J Lucia Companies, Inc.
- We have established solicitor arrangements through the Buckets of Money Advisor Network.
- In 2010, the SEC clarified its definition of when a firm has custody. This clarification means we have custody of client funds. We meet this definition because we have the authority to debit client accounts to pay various account fees and because our firm accepts checks and security certificates from clients in an effort to facilitate their deposit.
- We have created a new advisory program. Detailed information about each of our advisory programs is outlined in this disclosure brochure.
- We have discontinued the Advisor Managed and Advisor Directed Programs

### Item 3 – Table of Contents

Form ADV Part 2A-Appendix 1 .....	1
Item 2 – Material Changes .....	2
Item 3 – Table of Contents.....	3
Item 4 – Services, Fees and Compensation .....	5
The Wrap-Fee Programs sponsored by RJL Wealth Management.....	6
(1) RJLWM RISK MANAGED-STRATEGIES .....	6
(2) RJLWM CORE/ALPHA ETF STRATEGIES PROGRAM .....	11
(3) RJLWM EQUITY INCOME STRATEGIES .....	12
(4) RJLWM CORE MUTUAL FUND STRATEGIES PROGRAM .....	14
General Information on All Programs.....	15
Authorization to Deduct Advisory Fees.....	15
Brokerage, Clearing and Custody .....	16
Aggregation of Client Orders.....	16
Custody .....	17
No Agency Cross or Principal Transactions .....	17
Other Fees .....	17
Item 5 – Account Requirements and Types of Clients.....	19
Opening an Account.....	19
Termination of Services .....	19
Minimum Account Size.....	19
Types of Clients .....	19
Item 6 - Portfolio Manager Selection and Evaluation.....	19
General Description of Primary Advisory Services .....	20
Financial Planning.....	20
Asset Management. ....	20
Use of Third Party Money Managers. ....	20
Specialization.....	20
Advice on Certain Types of Investments. ....	20
Performance-Based Fees and Side-By-Side Management.....	21
Client Assets Managed by RJL Wealth Management .....	21
Methods of Analysis, Investment Strategies and Risk of Loss .....	21
A. Methods of Analysis.....	21
B. Investment Strategies .....	22
C. Risk of Loss .....	23
Item 7 – Client Information Provided to Portfolio Managers .....	24
Item 8 – Client Contact with Portfolio Managers.....	24
Item 9 – Additional Information .....	25
Account Reviews and Reviewers.....	25
Statements and Reports .....	25
Disciplinary Information.....	25
Other Financial Industry Activities and Affiliations .....	25
Relationship with Affiliated and Unaffiliated Broker/Dealers.....	25
Relationship with Affiliated Insurance Agency .....	26
Third-Party Money Managers.....	27

Code of Ethics Summary .....	27
Personal Trading Policy .....	27
Client Referrals and Other Compensation .....	28
Relationship with Raymond J Lucia Companies, Inc. ....	28
The Bucket Strategy Advisor Network .....	28
Other Compensation .....	29
Financial Information .....	30
Customer Privacy Policy Notice .....	31

#### **Item 4 – Services, Fees and Compensation**

RJL Wealth Management, LLC (referred to as “RJL Wealth Management”, the “Firm” or “RJLWM” throughout this document) is an investment advisor registered with the United States Securities and Exchange Commission. The Firm is a limited liability company formed under the laws of the state of California and has been registered as an investment advisor since February 8, 2010. RJL Wealth Management is 100% owned and controlled by RJL Holding Company, LLC which in turn is 100% controlled and managed by Raymond J. Lucia, Jr. We offer personalized investment advisory services including financial planning and consulting, asset management, referrals to third-party money managers, and seminars through RJL Wealth Management.

We provide services designed to meet the varying investment advisory and related needs of individual clients through the following wrap-fee programs (collectively these are referred to as “Programs” throughout this brochure):

- (1) RJLWM Risk Managed-Strategies Program,
- (2) RJLWM Core/Alpha ETF Strategies Program,
- (3) RJLWM Equity Income Strategies Program,
- (4) RJLWM Core Mutual Fund Strategies Program, and

Through the Programs, RJLWM offers portfolio management or asset allocation services through an agreement with unaffiliated broker/dealers for one all-inclusive fee. RJLWM has entered into an agreement with First Allied Securities, Inc. (“First Allied”), a registered broker/dealer and member FINRA/SIPC. As an alternative to opening a program account through First Allied, RJLWM may determine or permit clients to establish accounts through the Fidelity Institutional Wealth Services platform (“Fidelity”). National Financial Services, LLC (“NFS”) a registered broker/dealer member NYSE/SIPC and an affiliate of Fidelity, serves as the qualified custodian for accounts established through this platform.

Only Investment Advisor Representatives of RJLWM may open accounts for clients through the Programs. Therefore, participants in the Programs must be advisory clients of RJLWM.

RJLWM provides investment advisory services other than through the Programs described in this Wrap Fee Program Brochure. A description of all fee based investment advisory services provided by RJLWM is available in the RJLWM Disclosure Brochure. While RJLWM and First Allied are not related companies, RJLWM Investment Advisor Representatives also provide investment advice through their separate capacities as registered representatives of First Allied. In those capacities, RJLWM Investment Advisor Representatives may charge commissions on a per-transaction basis when implementing their advice on behalf of clients through First Allied.

When making the determination of whether one of the advisory programs available through RJLWM is appropriate for their needs, clients should bear in mind that fee based accounts through RJLWM, when compared with commission based accounts through First Allied, may result in lower costs during periods when trading activity is heavier, such as the year an account is established. However, during periods when trading activity is lower, such arrangements may result in a higher annual cost for transactions. The total cost for transactions under a fee account versus a commission account can vary significantly and depends upon a number of factors. Some such factors include account size, amount of turnover (number

of transactions), type and quantities of securities purchased or sold, commission rates and the client's tax situation.

Clients should have a conversation with their Investment Advisor Representative and read this brochure carefully as it explains, the Programs in detail.

**The Wrap-Fee Programs sponsored by RJL Wealth Management**

Clients in all Programs described in this brochure work with a RJLWM Investment Advisor Representative to select a portfolio for the client's account. RJLWM, through its Investment Advisor Representatives, will obtain sufficient client information to be able to assist the client in determining investment objectives and financial goals. RJLWM Investment Advisor Representatives assist clients in establishing an account at either Pershing, LLC (for accounts established through First Allied) or NFS (for accounts established through Fidelity).

Under the Programs, RJLWM will provide investment supervisory services defined as giving continuous investment advice to a client and making investments for the client based on the individual needs of the client. The Programs offer a customized and individualized investment platform for clients. RJLWM has hired Advanced Equities Asset Management ("AEAM") to provide portfolio management services for some of these programs. It should be noted that AEAM and First Allied are related companies.

RJLWM shall obtain from clients information to determine each individual client's financial situation and investment objectives. Accounts are managed on the basis of each client's financial situation and investment objectives. Clients are instructed to notify RJLWM when the client's financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on accounts managed under the Programs. At least annually, RJLWM shall contact individual clients to determine whether their financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of accounts. RJLWM Investment Advisor Representatives shall be reasonably available to consult with individual clients regarding the status of their accounts. Clients shall have the ability to impose reasonable restrictions on the management of their accounts, including the ability to instruct AEAM and RJLWM not to purchase certain securities. These restrictions are subject to the acceptance of AEAM and RJLWM. Client's beneficial interest in a security does not represent an undivided interest in all the securities held by the custodian, but rather represents a direct and beneficial interest in the securities which comprise the account. A separate account is maintained for each client through a qualified custodian and clients retain right of ownership of the account (e. g. right to withdraw securities or cash and receive transaction confirmations).

Upon establishment of a Program account, AEAM (for accounts managed through Risk Managed Strategies, Core/Alpha ETF Strategies, Equity Income Strategies, and Core Mutual Fund Strategies) will be granted full trading authorization on the client's account. Depending on the Program chosen, full trading authorization allows AEAM to determine the type of securities and the amount of securities that can be bought or sold for the client portfolio without obtaining the client's consent for each transaction. The types of securities that may be bought or sold for the client portfolio will depend on the Program chosen and are outlined in further detail below.

**(1) RJLWM RISK MANAGED-STRATEGIES**

RJLWM Risk-Managed Strategies is a program of asset allocation among various securities selected by the Program manager(s). These securities include listed equities, American Depository Receipts (ADRs), exchange-traded funds (ETFs), and money market funds).

RJLWM has contracted with AEAM to co-manage RJLWM Risk-Managed Strategies. Principals of RJLWM, AEAM and consultants (together referred to as "Macro Investment Committee") are responsible for determining the macro investment strategies to be employed by RJLWM Risk-Managed Strategies. AEAM is responsible for daily selection of the securities bought or sold in RJLWM Risk-Managed Strategies Portfolios, based on guidance received from the RJL Wealth Management Chief Executive Officer, Macro Investment Committee and the Portfolio Management Team. The following individuals comprise the Macro Investment Committee:

Ray Lucia, Sr., (Born 1950) is the founder of Raymond J. Lucia Companies (and developed the Buckets of Money Strategy). Ray's been a respected financial planning authority for more than thirty-five years. He hosts a daily talk show, syndicated on radio and television stations across the country, answering questions on a multitude of financial scenarios. He travels from throughout the country presenting financial planning workshops that attract thousands of people each year. Ray is a guest speaker who shares his knowledge on financial matters with major companies and their employees. Ray has also written books and a number of articles on the subject of investments, retirement and tax planning.

Ray has been quoted in respected publications such as Money Magazine, Financial Planning and the Wall Street Journal. Ray has appeared on Fox News, Fox Business, CNBC, Bloomberg, and local TV stations across the country.

Ben Stein, (Born 1944) nationally recognized economist and financial author, graduated from Columbia University in 1966 with honors in economics and from Yale Law School in 1970 as valedictorian of his class. As a paid consultant to Ray Lucia, Sr., Ben provides RJL Wealth Management with macro-economic consulting to assist with the strategic direction of the Firm's portfolios.

Within the last five years, Ben has been a columnist and editorial writer for The Wall Street Journal, a syndicated columnist for The Los Angeles Herald Examiner, King Features Syndicate, and a frequent contributor to Barrons. He has written, co-written and published about finance and about ethical and social issue in finance.

Phil DeMuth, PhD., Managing Director, Conservative Wealth Management, LLC, (Born 1950) was the valedictorian of his class at the University of California at Santa Barbara in 1972, then took his master's in communications and Ph.D. in clinical psychology. Both a psychologist and financial advisor, Phil has written for The Wall Street Journal, Barron's, the Journal of Financial Planning, the Louis Rukeyser Newsletter, and forbes.com as well as Human Behavior and Psychology Today. His opinions have been quoted in The New York Times, Fortune magazine, Yahoo! Finance, theStreet.com, and On Wall Street. He has been "Profiled for Success" in Research Magazine and seen on TV on CNBC, Forbes on Fox and Wall Street Week with Fortune.

Craig Columbus, Chief Market Strategist of AEAM, was born in 1967. He is a graduate of Loyola University of Chicago. He also holds an MBA from Penn State University and a law degree from Indiana University. Mr. Columbus' business experience includes:

- Advanced Equities Asset Management, Chief Market Strategist, & Co-Portfolio Manager, 09/2006 to present
- Grove City College, Chair, Entrepreneurship Department, Exec. Director, Entrepreneurship Program, 08/2009 to present.

- Ethos School, Co-Founder and Adviser (fundraising responsibilities), 08/2008 to present
- Greenbook Investment Management, Inc., Managing Director and Co-Portfolio Manager, Discretionary Accounts, 03/2005 to 10/2008
- Greenbook Investment Management, Inc., Vice President, 01/2005 to 03/2005
- Advanced Equities Wealth Management (formerly known as Greenbook Financial Services, Inc.), Vice Chairman, 01/2005 to present
- Greenbook Financial Services, Inc., COO, 10/2004 to 12/2004
- Audio Eye, Non-executive Chairman/Shareholder, 1/2005 to present
- Pinnacle Investment Advisors, Portfolio Manager, 01/2005 to 02/2005
- Thomson Financial, Chief Market Strategist, Wealth Management Division, 09/2000 to 09/2004
- Primark Corp., VP, Division CEO, 08/1996 to 09/2000
- Thomson Financial, VP Research, 10/1994 to 08/1996

Tom Samuelson, AEAM's Chief Investment Officer, was born in 1960. He received a Bachelor of Science in Engineering and a Masters in Business Administration from the University of Tulsa. He has also achieved the Chartered Financial Analyst and Chartered Market Technician designations. Mr. Samuelson splits time between the AEAM office in Scottsdale and his home office in Denver. Mr. Samuelson's business experience includes:

- Advanced Equities Asset Management, Chief Investment Officer and Co-Portfolio Manager, 09/2006 to present
- Greenbook Investment Management, Inc., Chief Investment Officer and Co-Portfolio Manager, Discretionary Accounts, 07/2005 to 10/2008
- Geronimo Partners, Partner and Portfolio Manager, 05/2003 to 07/2005
- Invesco Funds Group, Partner and Portfolio Manager, 02/2000 to 12/2002
- Denver Energy Advisors, President and Portfolio Manager, 12/1996 to 12/2000
- Invesco Funds Group, Vice President and Portfolio Manager, 05/1995 to 12/1996
- O'Connor and Associates, Senior Energy Analyst, 10/1992 to 05/1995
- Duff & Phelps, Inc., Vice President and Partner, 08/1985 to 10/1992

Jeff Mindlin, Managing Director and Chief Operating Officer of AEAM, was born in 1979 and completed concurrent Bachelor of Science degrees in Finance and Economics at the Barrett Honor's College at Arizona State University. He has also achieved the CFA designation. Mr. Mindlin's business experience includes:

- Advanced Equities Asset Management, Chief Operating Officer, 08/2009 to present, Managing Director, Co-Portfolio Manager 09/2006 to 08/2009 & Chief Compliance Officer, 09/2006 to 02/2007.
- Greenbook Investment Management, Inc., Co-Portfolio Manager, Director of Research 03/2005 until 10/2008 and Compliance Officer for Discretionary Accounts, 03/2005 to 02/2007
- Pinnacle Investment Advisors, LLC, Asst Portfolio Manager, CCO, Head Financial Engineer, 09/2001 to 03/2005
- Gradient Analytics, Inc (formerly known as Camelback Research Alliance), Manager of Financial Engineering/Consultant, 05/2001 – 02/2005
- Salomon Smith Barney, Sales Assistant, 05/1998 – 05/2001

Brian Wright, Portfolio Manager at AEAM, was born in 1975 and received his Bachelor of Arts in Economics at Boston University. He is also a level 2 CFA candidate. Mr. Wright's business experience includes:

- Advanced Equities Asset Management, Head Trader & Co-Portfolio Manager, 09/2006 - present
- Greenbook Investment Management, Inc., Asst Portfolio Manager, Head Trader, and Research Analyst, Discretionary Accounts, 03/2005 to 10/2008
- Pinnacle Investment Advisors, LLC, Trader, 12/2001 – 02/2005
- Gradient Analytics (formerly known as Camelback Research Alliance), Forensic Accounting Analyst, 06/2002 – 02/2005
- Charles Schwab & Co, Service Specialist, 09/2000 – 12/2001
- H&R Block Financial Advisors, Transfer Specialist, 02/1998 – 08/2000

Lon Gerber, Portfolio Manager at AEAM, was born in 1967 and received a Bachelor of Science in Business Management from Binghamton University and a Masters of Business of Administration from Penn State. Mr. Gerber's business experience includes:

- Advanced Equities Asset Management, Co-Portfolio Manager, 2007 – present
- Thomson Financial, Vice President from 1996 until he joined AEAM in 2007.

The RJLWM Risk Managed Strategies were developed to squarely fit into RJLWM's Buckets of Money planning methodology. They include various tax sensitivities and investment objectives representing solutions for Bucket 2 (Balanced) and Bucket 3 (Growth). Bucket 2 (Balanced) features a consistent allocation to stocks (e.g., large cap, small cap, value, and international), bonds (e.g., government, corporate, and international), and alternative assets (e.g., real estate and commodities) through an investment in a basket of Exchange Traded Funds (ETFs) and structured notes. Though the precise allocation is intended to adjust with the manager's strategic outlook, the Bucket 2 (Balanced) portfolio is allocated to approximately 70% Equity/30% Fixed Income. Bucket 3 (Growth) features a consistent allocation to stocks (e.g., large cap, small cap, value, and international) and alternative assets (e.g., real estate and commodities) through an investment in a basket of Exchange Traded Funds (ETFs) and individual stocks. Though the precise allocation is intended to adjust with the manager's strategic outlook, the Bucket 3 (Growth) portfolio is allocated to approximately 100% equities. Qualified (or tax-deferred) accounts are managed to be as nimble as possible with low-tax sensitivity. Taxable accounts are managed to be as tax efficient as possible with high-tax sensitivity.

The minimum account size RJL Risk-Managed Strategies is \$100,000. Account minimums may be waived at the discretion of RJLWM or AEAM. From time to time, account minimums may be waived by the Investment Advisor Representative, RJLWM and AEAM, under certain circumstances. Waivers may be granted in situations where a client intends to make additional contributions to the account sufficient to meet the minimum or if the Investment Advisor Representative manages accounts for family members of the prospective client, bringing the overall family account values to the minimum account size, or if the client's overall relationship with RJLWM or AEAM affiliates is substantial.

### **Proxy Voting**

The client agrees that AEAM, not RJLWM, First Allied or Fidelity, will vote proxies relating to assets in the account(s). The client may revoke this authorization at any time in writing addressed to RJLWM, indicating another person who will vote proxies in the account(s). For employee benefit plans subject to ERISA, AEAM has been delegated the right, or has accepted discretion, to vote proxies that pertain to

assets in the account(s). For more information about AEAM's proxy voting policies and procedures, please refer to the AEAM disclosure document.

### Schedule of Fees

The following table details the advisory fee schedule for the RJLWM Risk Managed Strategies program. This table reflects the maximum annual fee that may be charged to a client. The client is charged one fee which consists of two components, the platform fee and the RJLWM investment advisory fee. Platform fees in wrap fee programs include sub-manager or sub-advisor fees, program sponsor fees, custody fees and transaction charges. As a sponsor of the program, RJLWM receives a portion of the platform fee. The RJLWM Advisory fee may be discounted upon agreement with the RJLWM Investment Advisor representative. Fees are negotiable based on a number of factors, which may result in a client paying a fee which is less than the highest annual fee, or more or less than the fees paid by other RJLWM clients.

<b>RJLWM Risk Managed Growth Strategy</b>			
Account Size	Platform Fee	RJLWM Advisory Fee	Total Annual Fee
Up to \$249,999	0.90%	1.00%	1.90%
\$250,000 to \$749,999	0.85%	1.00%	1.85%
\$750,000 to \$999,999	0.70%	1.00%	1.70%
\$1,000,000 to \$1,999,999	0.70%	0.75%	1.45%
\$2,000,000 to \$4,999,999	0.65%	0.75%	1.40%
\$5,000,000 to \$9,999,999	0.60%	0.50%	1.10%
\$10,000,000 and Above	0.55%	Negotiable	Negotiable

<b>RJLWM Risk Managed Balanced Strategy</b>			
Account Size	Platform Fee	RJLWM Advisory Fee	Total Annual Fee
Up to \$249,999	0.80%	1.00%	1.80%
\$250,000 to \$749,999	0.75%	1.00%	1.75%
\$750,000 to \$999,999	0.70%	1.00%	1.70%
\$1,000,000 to \$1,999,999	0.70%	0.75%	1.45%
\$2,000,000 to \$4,999,999	0.65%	0.75%	1.40%
\$5,000,000 to \$9,999,999	0.60%	0.50%	1.10%
\$10,000,000 and Above	0.55%	Negotiable	Negotiable

Fees are payable quarterly in advance, based on the asset value of the account(s) on the last calendar day of each calendar quarter. The fee will be payable on the business day following the end of the previous calendar quarter. The fee for the portion of the first quarter the account(s) is managed will be calculated on a pro rata basis. In the event that a deposit in excess of \$5,000 occurs mid-quarter, the fee will be recalculated at quarter-end and the account will be billed a second fee on the additional deposits. This fee will be charged in arrears.

First Allied receives Rule 12b-1 shareholder servicing and/or distribution fees that, on an annual, investment weighted basis, are generally limited to a maximum aggregate amount of 25 basis points (equal to .25% or one quarter of one percent) of account value. These fees may be shared with RJL Wealth Management or its associated persons. In the case of accounts that are subject to ERISA, all 12b-1 fees that are received are credited back to the client account by the custodian. These fees do not reduce fees that are otherwise due.

## **(2) RJLWM CORE/ALPHA ETF STRATEGIES PROGRAM**

Clients in the RJLWM Core/Alpha ETF Strategies program work with a RJLWM Investment Advisor Representative to select a portfolio managed by AEAM for the client's account.

AEAM manages the client's portfolio with full trading authorization, utilizing primarily exchange-traded and closed-end funds. Other types of securities may be included in RJLWM accounts at the discretion of AEAM. RJLWM Investment Advisor Representatives do not exercise discretion in RJLWM accounts.

The RJLWM Core/Alpha Strategies include an array of investment options representing various tax sensitivities and investment objectives. The portfolios include a consistent allocation to stocks (e.g., large cap, small cap, value, and international), bonds (e.g., government, corporate, and international), and alternative assets (e.g., real estate and commodities) through an investment in a basket of Exchange Traded Funds (ETFs). The precise allocations are intended to adjust with the manager's strategic outlook. The Equity Growth portfolio is allocated to approximately 100% equity securities. The Growth portfolio is allocated to approximately 80% Equity/20% Fixed Income. The Moderate Growth portfolio is allocated to approximately 60% Equity/40% Fixed Income. The Growth & Income portfolio is allocated to approximately 40% Equity/60% Fixed Income. Qualified (or tax-deferred) accounts are managed to be as nimble as possible with low-tax sensitivity. Taxable accounts are managed to be as tax efficient as possible with high-tax sensitivity.

The minimum for RJLWM Core/Alpha ETF Strategies accounts is \$50,000. From time to time, account minimums may be waived by the Investment Advisor Representative, RJLWM and AEAM, under certain circumstances. Waivers may be granted in situations where a client intends to make additional contributions to the account sufficient to meet the minimum or if the Investment Advisor Representative manages accounts for family members of the prospective client, bringing the overall family account values to the minimum account size, or if the client's overall relationship with RJLWM or AEAM affiliates is substantial.

### **Proxy Voting**

The client agrees that AEAM, not RJLWM, First Allied or Fidelity, will vote proxies relating to assets in the account(s). The client may revoke this authorization at any time in writing addressed to RJLWM, indicating another person who will vote proxies in the account(s). For employee benefit plans subject to ERISA, AEAM has been delegated the right, or has accepted discretion, to vote proxies that pertain to assets in the account(s). For more information about AEAM's proxy voting policies and procedures, please refer to the AEAM disclosure document.

### **Schedule of Fees**

The following table details the advisory fee schedule for the RJLWM Core/Alpha ETF Strategies program. This table reflects the maximum annual fee that may be charged to a client. The client is charged one fee which consists of two components, the platform fee and the RJLWM investment advisory fee. Platform fees in wrap fee programs include sub-manager or sub-advisor fees, program sponsor fees, custody fees and transaction charges. As a sponsor of the program, RJLWM receives a portion of the platform fee. The RJLWM Advisory fee may be discounted upon agreement with the RJLWM Investment Advisor representative. Fees are negotiable based on a number of factors, which may result in a client paying a fee which is less than the highest annual fee, or more or less than the fees paid by other RJLWM clients.

<b>RJLWM Core/Alpha ETF Strategy</b>			
Account Size	Platform Fee	RJLWM Advisory Fee	Total Annual Fee
Up to \$249,999	0.80%	1.00%	1.80%
\$250,000 to \$749,999	0.75%	1.00%	1.75%
\$750,000 to \$999,999	0.70%	1.00%	1.70%
\$1,000,000 to \$1,999,999	0.70%	0.75%	1.45%
\$2,000,000 to \$4,999,999	0.65%	0.75%	1.40%
\$5,000,000 to \$9,999,999	0.60%	0.50%	1.10%
\$10,000,000 and Above	0.55%	Negotiable	Negotiable

Fees for the RJLWM Core/Alpha ETF Strategies accounts are payable quarterly in advance, based on the asset value of the account(s) on the last calendar day of each calendar quarter. The fee will be payable on the business day following the end of the previous calendar quarter. The fee for the portion of the first quarter the account(s) is managed will be calculated on a pro rata basis. In the event that a deposit in excess of \$5,000 occurs mid-quarter, the fee will be recalculated at quarter-end and the account will be billed a second fee on the additional deposits. This fee will be charged in arrears.

First Allied receives Rule 12b-1 shareholder servicing and/or distribution fees that, on an annual, investment weighted basis, are generally limited to a maximum aggregate amount of 25 basis points (equal to .25% or one quarter of one percent) of account value. These fees may be shared with RJL Wealth Management or its associated persons. In the case of accounts that are subject to ERISA, all 12b-1 fees that are received are credited back to the client account by the custodian. These fees do not reduce fees that are otherwise due.

### ***(3) RJLWM EQUITY INCOME STRATEGIES***

Clients in the RJLWM Equity Income Strategies program work with a RJLWM Investment Advisor Representative to select a portfolio managed by AEAM for the client's account. Qualified AEAM employees manage the client's portfolio with a full trading authorization. RJLWM Investment Advisor Representatives do not exercise discretion in RJL Equity Income accounts.

The Equity Income strategy invests in highly liquid US-listed securities, including equities, ADRs, exchange traded funds (ETFs), and closed end funds (CEFs). Its primary objective is to offer clients a balance between current income and future growth, with a bias towards downside risk management. The portfolio will be allocated among the most attractive areas in both the equities and fixed income markets. The portfolio will be comprised of two parts. The income portion will invest in CEFs and ETFs representing both equity and fixed income asset classes. Seeking sources for attractive yields will be a driver of the selection process. The equity component will invest in individual stocks and seeks to identify securities that can both generate current income through dividends as well have the potential for higher future capital appreciation. Between the two components, the goal is to establish approximately 40 positions inside a portfolio that is diversified by asset class, sector, size and revenue sources that will generate both current cash flow (through dividends and current income) and potential for long term growth.

The minimum for Equity Income Strategy accounts is \$50,000. From time to time, account minimums may be waived by the Investment Advisor Representative, RJLWM and AEAM, under certain circumstances. Waivers may be granted in situations where a client intends to make additional contributions to the account sufficient to meet the minimum or if the Investment Advisor Representative manages accounts for family members of the prospective client, bringing the overall family account

values to the minimum account size, or if the client's overall relationship with RJLWM or AEAM affiliates is substantial.

### Proxy Voting

The client agrees that AEAM, not RJLWM, First Allied or Fidelity, will vote proxies relating to assets in the account(s). The client may revoke this authorization at any time in writing addressed to RJLWM, indicating another person who will vote proxies in the account(s). For employee benefit plans subject to ERISA, AEAM has been delegated the right, or has accepted discretion, to vote proxies that pertain to assets in the account(s). For more information about AEAM's proxy voting policies and procedures, please refer to the AEAM disclosure document.

### Schedule of Fees

The following table details the advisory fee schedule for the RJLWM Equity Income Strategies program. This table reflects the maximum annual fee that may be charged to a client. The client is charged one fee which consists of two components, the platform fee and the RJLWM investment advisory fee. Platform fees in wrap fee programs include sub-manager or sub-advisor fees, program sponsor fees, custody fees and transaction charges. As a sponsor of the program, RJLWM receives a portion of the platform fee. The RJLWM Advisory fee may be discounted upon agreement with the RJLWM Investment Advisor representative. Fees are negotiable based on a number of factors, which may result in a client paying a fee which is less than the highest annual fee, or more or less than the fees paid by other RJLWM clients.

<b>RJLWM Equity Income Strategy</b>			
Account Size	Platform Fee	RJLWM Advisory Fee	Total Annual Fee
Up to \$249,999	0.65%	1.00%	1.65%
\$250,000 to \$749,999	0.60%	1.00%	1.60%
\$750,000 to \$999,999	0.55%	1.00%	1.55%
\$1,000,000 to \$1,999,999	0.55%	0.75%	1.30%
\$2,000,000 to \$4,999,999	0.50%	0.75%	1.25%
\$5,000,000 to \$9,999,999	0.45%	0.50%	0.95%
\$10,000,000 and Above	0.40%	Negotiable	Negotiable

Fees for RJLWM Equity Income Strategy accounts are payable quarterly in advance, based on the asset value of the account(s) on the last calendar day of each calendar quarter. The fee will be payable on the business day following the end of the previous calendar quarter. The fee will be payable on the business day following the end of the previous calendar quarter. The fee for the portion of the first quarter the account(s) is managed will be calculated on a pro rata basis. In the event that a deposit in excess of \$5,000 occurs mid-quarter, the fee will be recalculated at quarter-end and the account will be billed a second fee on the additional deposits. This fee will be charged in arrears.

First Allied receives Rule 12b-1 shareholder servicing and/or distribution fees that, on an annual, investment weighted basis, are generally limited to a maximum aggregate amount of 25 basis points (equal to .25% or one quarter of one percent) of account value. These fees may be shared with RJL Wealth Management or its associated persons. In the case of accounts that are subject to ERISA, all 12b-1 fees that are received are credited back to the client account by the custodian. These fees do not reduce fees that are otherwise due.

#### **(4) RJLWM CORE MUTUAL FUND STRATEGIES PROGRAM**

Clients in the RJLWM Core Mutual Fund Strategies program work with a RJLWM Investment Advisor Representative to select a portfolio managed by AEAM for the client's account. AEAM manages the client's portfolio with a full trading authorization. RJLWM Investment Advisor Representatives do not exercise discretion in RJL Equity Income accounts

The Core Mutual Fund Strategy features an actively managed portfolio containing a variety of asset classes, including, but not limited to, U.S. stocks, foreign stocks, bonds, and alternative asset classes. The models are designed so that each account holds approximately 10 to 20 mutual funds representing various asset classes.

An account is constructed with both a core and an active component. The allocations adjust with the manager's strategic outlook. The core ensures clients maintain a diverse framework. The active allocation changes as our market outlook changes. The relative sizes of the active and core components are determined by your account's tax-sensitivity. Qualified accounts are managed to maximize the tax deferred nature of the account. Taxable accounts are managed to be as tax efficient as possible.

Four models are available to meet your needs, ranging from a more conservative Growth and Income portfolio, which has an allocation of 40% equities and 60% fixed income, to the Equity Growth portfolio that is allocated to almost 100% equities.

The minimum for RJLWM Core Mutual Fund Strategies accounts is \$50,000. From time to time, account minimums may be waived by the Investment Advisor Representative, RJLWM and AEAM, under certain circumstances. Waivers may be granted in situations where a client intends to make additional contributions to the account sufficient to meet the minimum or if the Investment Advisor Representative manages accounts for family members of the prospective client, bringing the overall family account values to the minimum account size, or if the client's overall relationship with RJLWM or AEAM affiliates is substantial.

#### **Proxy Voting**

The client agrees that AEAM, not RJLWM, First Allied or Fidelity, will vote proxies relating to assets in the account(s). The client may revoke this authorization at any time in writing addressed to RJLWM, indicating another person who will vote proxies in the account(s). For employee benefit plans subject to ERISA, AEAM has been delegated the right, or has accepted discretion, to vote proxies that pertain to assets in the account(s). For more information about AEAM's proxy voting policies and procedures, please refer to the AEAM disclosure document.

#### **Schedule of Fees**

The following table details the advisory fee schedule for the RJLWM Core Mutual Fund Strategies program. This table reflects the maximum annual fee that may be charged to a client. The client is charged one fee which consists of two components, the platform fee and the RJLWM investment advisory fee. Platform fees in wrap fee programs include sub-manager or sub-advisor fees, program sponsor fees, custody fees and transaction charges. As a sponsor of the program, RJLWM receives a portion of the platform fee. The RJLWM Advisory fee may be discounted upon agreement with the RJLWM Investment Advisor representative. Fees are negotiable based on a number of factors, which may result in a client paying a fee which is less than the highest annual fee, or more or less than the fees paid by other RJLWM clients.

<b>RJLWM Core Mutual Fund Strategy</b>			
Account Size	Platform Fee	RJLWM Advisory Fee	Total Annual Fee
Up to \$249,999	0.45%	1.00%	1.45%
\$250,000 to \$749,999	0.40%	1.00%	1.40%
\$750,000 to \$999,999	0.35%	1.00%	1.35%
\$1,000,000 to \$1,999,999	0.35%	0.75%	1.10%
\$2,000,000 to \$4,999,999	0.30%	0.75%	1.05%
\$5,000,000 to \$9,999,999	0.25%	0.50%	0.75%
\$10,000,000 and Above	0.20%	Negotiable	Negotiable

The fee for RJLWM Core Mutual Fund Strategy accounts is, payable quarterly in advance, based on the asset value of the account(s) on the last calendar day of each calendar quarter. The fee will be payable on the business day following the end of the previous calendar quarter. The fee will be payable on the business day following the end of the previous calendar quarter. The fee for the portion of the first quarter the account(s) is managed will be calculated on a pro rata basis. In the event that a deposit in excess of \$5,000 occurs mid-quarter, the fee will be recalculated at quarter-end and the account will be billed a second fee on the additional deposits. This fee will be charged in arrears.

First Allied receives Rule 12b-1 shareholder servicing and/or distribution fees that, on an annual, investment weighted basis, are generally limited to a maximum aggregate amount of 25 basis points (equal to .25% or one quarter of one percent) of account value. These fees may be shared with RJL Wealth Management or its associated persons. In the case of accounts that are subject to ERISA, all 12b-1 fees that are received are credited back to the client account by the custodian. These fees do not reduce fees that are otherwise due.

**General Information on All Programs**

**Authorization to Deduct Advisory Fees**

For accounts established through Pershing, clients must authorize Pershing with the ability to debit advisory fees on behalf of RJLWM directly from the account(s). The advisory fee will be paid first from free credit balances in the account, second, from the liquidation or withdrawal by RJLWM or AEAM of the client's shares of any money market fund or balances in any money market account, and finally from the liquidation at RJLWM or AEAM's discretion of other securities in the account.

For accounts established through Fidelity, clients must authorize Fidelity with the ability to debit advisory fees on behalf of RJLWM directly from the account(s). The advisory fee will be paid first from free credit balances in the account, second, from the liquidation or withdrawal by RJLWM or AEAM of the client's shares of any money market fund or balances in any money market account, and finally from the liquidation at RJLWM or AEAM's discretion of other securities in the account.

RJLWM has entered into a contractual agreement with a third party vendor to provide fee billing services. As part of this agreement, the third party will calculate the advisory fee and instruct the Custodian (Fidelity or First Allied for accounts held with Pershing) to deduct the advisory fee.

Upon request from the client and approval from RJLWM, clients may pay the advisory fee directly rather than through a debit to the account. Any alternative method of billing may result in the imposition of additional charges to cover the administrative costs thereof.

### ***Brokerage, Clearing and Custody***

For Program accounts custodied at Pershing, transactions will be effected by First Allied. For Program accounts custodied at Fidelity, transactions will be effected through Fidelity.

RJL Wealth Management is responsible for seeking best execution of all client transactions. Best execution does not necessarily mean the lower price, but includes the overall services received from a broker/dealer.

Associated persons of RJL Wealth Management are registered representatives of First Allied and are required to use the services of First Allied and First Allied's approved clearing broker/dealers when acting in their capacity as registered representatives. All accounts established through First Allied will be cleared and held at Pershing, LLC. First Allied has a wide range of approved securities products for which First Allied performs due diligence in selecting. Registered Representatives of First Allied are required to adhere to these products when implementing securities transactions through First Allied. Commissions charged for these products may be higher or lower than commissions clients may be able to obtain if transactions were implemented through another broker/dealer. In addition to compliance support and oversight, First Allied also provides the associated persons of RJL Wealth Management, and therefore the RJL Wealth Management, with back-office operational, technology, and other administrative support.

RJL Wealth Management may also recommend clients establish an account through the Fidelity Institutional Wealth Management Program. For accounts established through this platform, National Financial Services LLC serves as the broker/dealer and qualified custodian. While there is no direct linkage between the investment advice given to clients and RJL Wealth Management's participation in the Fidelity program, economic benefits are received by RJL Wealth Management which would not be received if RJL Wealth Management did not give investment advice to clients.

These benefits include: A dedicated trade desk that services Fidelity participants exclusively; a dedicated service group and an account services manager dedicated to RJL Wealth Management's accounts; access, for a fee, to a real-time order matching system; ability to "block" clients' trades; electronic download of trades, balances and position information; access, for a fee, to an electronic interface with Fidelity's software; duplicate and batched client statements, confirmations and year-end summaries; the ability to have advisory fees directly debited from client accounts; a quarterly newsletter; access to Fidelity mutual funds; and access to AdvisorChannel.com (internet access to statements, confirmation and transfer of asset status). The benefits received through participation in the Fidelity program do not depend upon the amount of transactions directed to or amount of assets managed through National Financial Services, LLC.

Clients should understand that not all investment advisors require the use of a particular broker/dealer or require the use of a broker/dealer that is affiliated with the investment advisor. While RJL Wealth Management attempts to seek best execution for client accounts, RJL Wealth Management may be unable to achieve the most favorable execution of client transactions. There may be other platforms that are less expensive for clients and may provide faster execution capabilities. Please note that First Allied and Fidelity do not provide client referrals therefore not factoring into our decision to require the use of First Allied or Fidelity.

### ***Aggregation of Client Orders***

Transactions we implement for client accounts are generally effected independently, unless the Firm decides to purchase or sell the same securities for several clients at approximately the same time.

This process is referred to as aggregating orders, batch trading or block trading and is used by the Firm when we believe such action may prove advantageous to clients. When we aggregate client orders, the allocation of securities among client accounts will be done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among the Firm's clients in proportion to the purchase and sale orders placed for each client account on any given day. When we determine to aggregate client orders for the purchase or sale of securities, including securities in which we may invest, we will do so in accordance with the parameters set forth in the SEC No-Action Letter, *SMC Capital, Inc.* It should be noted, we do not receive any additional compensation or remuneration as a result of aggregation.

### **Custody**

Custody has been defined as having access or control over client funds and/or securities, but does **not** include the ability to execute transactions in client accounts. Custody is not limited to physically holding client funds and securities. If an investment advisor has the ability to access or control client funds or securities, the investment advisor is deemed to have custody for purposes of the Investment Advisers Act of 1940 and must ensure proper procedures are implemented.

Occasionally, Investment Advisor Representatives may accept stock certificates from clients and forward them to the custodian for deposit in the client's account. Because of this, we meet the regulatory definition of having custody of client securities are required to hire an independent accounting firm to review our procedures with these certificates. This audit is conducted each year.

RJL Wealth Management has established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client or the client's independent representative at least quarterly. Clients should carefully review those statements. When clients have questions about their account statements, they should contact RJL Wealth Management or the qualified custodian preparing the statement.

Any checks for deposit into a client's account must be made payable to the custodian.

### **No Agency Cross or Principal Transactions**

Principal transactions are not affected by RJLWM or any other person (buying securities for itself or sells securities it owns to any client) in Program accounts. No transactions are effected in which Program client securities are sold to or bought from a commission-only brokerage account.

### **Other Fees**

The Investment Advisor Representative is compensated with a portion of the advisory fee. The amount of this compensation may or may not be more than that which would be received by the Investment Advisor Representative if the client paid separately for investment advice, brokerage and other services, or participated in other programs offered by RJLWM. The Investment Advisor Representative may therefore have a financial incentive to recommend the program over other programs and services.

As sub-advisor, AEAM is compensated with a portion of the platform fee for Risk Managed Strategies accounts, RJL Core/Alpha ETF Strategies accounts, Core Mutual Fund Strategies, and RJL Equity Income Strategies accounts. The amount of this compensation may or may be more or less than AEAM would have received if the client paid separately for AEAM's or other third-party managers' investment advice or participated in other programs.

As the program sponsor, RJLWM is compensated with a portion of the platform fee. The amount of this compensation may or may not be more than that which would be received by RJLWM if the client paid separately for First Allied's or other broker/dealer's services or participated in other programs. RJLWM may have a financial incentive to recommend the program over other programs or services. For RJL Risk Managed Strategies accounts, RJLWM is compensated with a portion of the Portfolio Management fee for Macro-Investment Committee responsibilities, which could result in a financial incentive for RJLWM to recommend this strategy over other strategies. Phil DeMuth, through his related Investment Advisor Firm, Conservative Wealth Management, LLC, is paid a portion of Macro-Investment Committee fee.

Broker/dealers used through the Program are compensated with a portion of the fee. The amount of this compensation may or may not be more than that which would be received by the broker/dealer if the client paid separately for Program broker/dealer's or other broker/dealer's services or participated in other programs.

The wrap fees described above shall include brokerage services, custodial services, and other services provided by Program broker/dealers to the account(s).

The advisory fee will not include certain odd-lot differentials, transfer taxes, exchange fees, and other charges imposed by law on the execution of transactions in the account(s). If closed-end investment companies are selected for the account(s), the client will pay its proportionate share of the investment companies' expenses, including such closed-end company's advisory fee.

When the client selects mutual funds for all or a portion of its account(s), the client will pay its proportionate share of the mutual funds' fees and expenses, including management fees and shareholder servicing and/or distribution (Rule 12b-1) expenses, to the extent permitted by law. These fees and expenses are separate and distinct from the wrap fee charged by RJLWM. RJLWM, its Investment Advisor Representatives, and First Allied will receive Rule 12b-1 fees for distributing a fund's shares and/or providing services to shareholders, to the extent permitted by law for accounts established through First Allied. Shareholder services fees compensate First Allied for, among other things, handling purchases and sales of fund shares, maintaining records, providing clients with copies of prospectuses and other materials, assisting mutual funds in soliciting proxies, and responding to Client inquiries about share prices, balances, dividend amounts, and dividend payment dates.

For ERISA accounts, Investment Advisor Representatives act as "Fiduciary Advisors" under ERISA and their compensation will not be affected by 12 b-1 fees. All 12b-1 fees that are received are credited back to the client account by the custodian.

## **Item 5 – Account Requirements and Types of Clients**

### **Opening an Account**

To become a program participant, the *Lucia Asset Management Investment Advisory Agreement* must be executed. In addition, the client will be required to establish a brokerage account through First Allied or Fidelity.

### **Termination of Services**

The *Lucia Asset Management Investment Advisory Agreement* may be terminated by any party at any time upon written notice to the other, effective no sooner than upon receipt of such written notice by the non-terminating party. Termination will not affect the liabilities or obligations of the parties under the agreement which arise from activities initiated or occurring prior to termination. If an account is liquidated as the result of a termination notice, account assets will be payable to the client subject to normal brokerage settlement terms and fees. Upon termination of the agreement, RJLWM, Investment Advisor Representative and AEAM, as the case may be, shall not be under any obligation whatsoever to recommend any action with regard to the investments in the account. Upon termination, it shall be the client's exclusive responsibility to issue instructions in writing regarding any assets held in the Account. Notwithstanding anything to the contrary herein, clients have the right to terminate services without fee or penalty within five (5) business days of the execution of the agreement. After the initial five day period, clients will be entitled to a pro-rated refund of the pre-paid advisory fee for the applicable quarter based on the number of days remaining in the quarter after the effectiveness of termination.

### **Minimum Account Size**

Please refer to the each program's description for the minimum account sizes required.

### **Types of Clients**

RJL Wealth Management generally provides investment advice to the following types of clients.

- Individuals
- High-Net Worth Individuals
- Pension and profit sharing plans
- Trusts, estates, or charitable organizations
- Corporations or business entities other than those listed above

## **Item 6 - Portfolio Manager Selection and Evaluation**

Our Programs do not allow Advisory Representatives or clients to utilize portfolio managers that are not approved by RJL Wealth Management. In other words, the only portfolio managers selected for managing client assets in the Program are Advisory Representatives of RJL Wealth Management and investment personnel of approved sub-advisors. We review each of the managers that provide the management services that we offer before selecting a manager to be included in one of our programs. We also conduct an annual review to ensure that the manager is still suitable for our programs. We call these processes "due diligence."

Our due diligence process for new products or managers starts with an initial screening process of a registered investment adviser. This consists of a review of data including assets under management, regulatory, legal or compliance issues of the adviser and key personnel, manager's current and historical performance, and fee structure.

Our annual review process for existing managers follows along the same guidelines as the initial process. However, unless material information is discovered during this annual review, additional approval is not required to continue the relationship with the investment adviser.

By choosing to invest in one of our programs, you and your Advisory Representative are deciding which manager will make investment decisions for your account. Some of our programs have only one choice for portfolio manager. Others give you the ability to choose from multiple managers. When deciding among managers for these accounts, your Advisory Representative will work with you to evaluate which manager(s) will best suit your financial needs and investment objectives.

### **General Description of Primary Advisory Services**

The following are brief descriptions of RJL Wealth Management's primary services. A detailed description of RJL Wealth Management's services is provided in Item 5 – Fees and Compensation so that clients and prospective clients can review the services and description of fees in a side-by-side manner.

***Financial Planning.*** We provide advisory services in the form of financial planning services. Financial planning services do not involve the active management of client accounts, but instead focus on a client's overall financial situation. Financial planning can be described as helping individuals determine and set their long-term financial goals through investments, tax planning, asset allocation, risk management, retirement planning, and other areas. The role of a financial planner is to find ways to help the client understand his/her overall financial situation and help the client set financial objectives.

***Asset Management.*** We also provide advisory services in the form of asset management services. Asset management services involve providing clients with continuous and on-going supervision over client accounts. This means that RJL Wealth Management will continuously monitor a client's account and make trades in client accounts when necessary.

***Use of Third Party Money Managers.*** We also refer clients to outside, or unaffiliated, money managers that are registered or exempt from registration as investment advisors. Third-party money managers are responsible for continuously monitoring client accounts and making trades in client accounts when necessary.

**Specialization.** We specialize in the following areas:

- Financial planning focusing on retirement planning, tax management, long term care, estate planning, and asset allocation.
- Investment Management specializing in selection of mutual fund portfolios, equities and fixed income investments, mutual funds, and other securities.

***Advice on Certain Types of Investments.*** Depending on the Program, AEAM or the Investment Advisor Representative will be directly responsible for all investment recommendations in Program accounts. Various investment strategies are provided under Program; however, a specific investment strategy is determined for each client to focus on the specific client's goals and objectives. Depending on the client's individual needs and the Program selected, investment recommendations will be made in, but not necessarily limited to, no-load mutual funds, funds at NAV, equity positions, Exchange Traded Funds (ETFs), fixed income positions, municipal securities and U.S. government securities.

### **Performance-Based Fees and Side-By-Side Management**

RJL Wealth Management does not charge or accept performance-based fees. Regulators have defined performance based fees as charging fees based on a share of capital gains on or capital appreciation of the assets held within a client's account.

### **Client Assets Managed by RJL Wealth Management**

The amount of clients assets managed by RJL Wealth Management totaled \$400,331,899.84 as of December 31, 2010. These assets are managed on a discretionary basis. In addition, our investment advisor representatives, in their separate capacities as First Allied Securities, Inc. registered representatives, oversee \$1,238,607,430.61 (as of December 31, 2010) of client assets held in traditional commission-based accounts. All services provided through First Allied Securities, Inc. are non-discretionary. Our investment advisor representatives, in their separate capacities as licensed insurance agents oversee \$ 122,602,977.08 of client assets held in fixed annuity products (as of December 31, 2010).

### **Methods of Analysis, Investment Strategies and Risk of Loss**

#### **A. Methods of Analysis**

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

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

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

Technical analysis is even more subjective than fundamental analysis in that it relies on proper interpretation of a given security's price and trading volume data. A decision might be made based on a historical move in a certain direction that was accompanied by heavy volume; however, that heavy volume may only be heavy relative to past volume for the security in question, but not compared to the future trading volume. Therefore, there is the risk of a trading decision being made incorrectly, since future trading volume is an unknown. Technical analysis is also done through observation of various market sentiment readings, many of which are quantitative. Market sentiment gauges the relative degree of bullishness and bearishness in a given security, and a contrarian investor utilizes such sentiment

advantageously. When most traders are bullish, then there are very few traders left in a position to buy the security in question, so it becomes advantageous to sell it ahead of the crowd. When most traders are bearish, then there are very few traders left in a position to sell the security in question, so it becomes advantageous to buy it ahead of the crowd. The risk in utilization of such sentiment technical measures is that a very bullish reading can always become more bullish, resulting in lost opportunity if the money manager chooses to act upon the bullish signal by selling out of a position. The reverse is also true in that a bearish reading of sentiment can always become more bearish, which may result in a premature purchase of a security.

For additional information regarding the methods of analysis and investment strategies of AEAM, the sub-advisor to the RJLWM Risk Managed Strategies, Core/Alpha ETF Strategies, Equity Income Strategies, and Core Mutual Fund Strategies, please refer to AEAM's Form ADV Part2A disclosure brochure, which has been provided to you along with this brochure.

### ***B. Investment Strategies***

RJL Wealth Management focuses on tactical asset allocation which calls for a range of percentages in each asset class (such as Stocks = 40-50%). These are minimum and maximum acceptable percentages that permit the investor to take advantage of market conditions within these parameters. Thus, a minor form of market timing is possible, since the investor can move to the higher end of the range when stocks are expected to do better and to the lower end when the economic outlook is bleak.

We may use active trading strategies. However, most of our accounts are managed through wrap-fee programs where transactions are included in the overall management fee charged to clients. Therefore, clients do not bear additional expenses that result from increased trading activity.

RJLWM utilizes a financial planning method that segregates a client's portfolio into categories. At the strategy's core is the concept of matching assets to liabilities. Short-term liabilities or income needs are matched against short-term fixed income assets. Longer term liabilities or income needs later in retirement are matched against long-term growth focused investments.

A custom strategy is developed for each client based on a financial questionnaire completed by the client and is specific to the client's personal situation. The financial profile information from this questionnaire is used to design your portfolio based on certain assumptions. These assumptions include determining whether to design the portfolio based on a withdrawal rate (percentage of the portfolio value at retirement) or based on a total income from all sources, taking into account a portfolio withdrawal strategy to meet the clients total income needs including portfolio withdrawals and other income (such as social security, pensions, and rental income). When calculating an individual strategy, the investment advisor representative will make assumptions based on beginning account values, assumed rates of return, earnings, savings and withdrawals. The investment advisor representative will calculate the amount of the portfolio dedicated to each category based on the timing of additions and withdrawals, rates of return, and other factors unique to each client situation.

The strategy seeks to provide clients income for life utilizing investments that meet the criteria of five categories. These categories include Lifetime Income, Fixed Income, Relative Safety, Growth & Income and Long Term Growth.

- Potential investments for the Lifetime Income category include variable annuities with guaranteed minimum withdrawal benefit riders or single premium immediate annuities.

- Potential investments for the Fixed Income category include fee-based managed accounts, Certificates of Deposit (CD's), money market funds, corporate debt securities, municipal securities, government debt securities, single premium immediate annuities, fixed deferred annuities, equity indexed annuities and to an extent mutual funds, exchange traded funds, unit investment trusts and closed end funds.
- Potential investments for the Relative Safety category include fee-based managed accounts, corporate debt securities, municipal securities, government debt securities, mutual funds, exchange traded funds, unit investment trusts, closed end funds, structured products, variable annuities with principal protection riders, fixed deferred annuities, and equity indexed annuities.
- Potential investments for the Growth & Income Category include fee-based managed accounts, mutual funds, exchange traded funds, unit investment trusts, closed-end funds, structured products and non-traded real estate investment trusts.
- Potential investments for the Long-term Growth category include fee-based managed accounts, mutual funds, exchange traded funds, unit investment trusts, closed-end funds, equity annuities, variable annuities with principal protection riders, variable annuities with death benefit riders, structured products, non-traded real estate investment trusts, alternative investments, and commodities.

### **C. Risk of Loss**

Clients must understand that past performance is not indicative of future results. Therefore, current and prospective clients (including you) should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. Clients and prospective clients should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our Firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated when investing in securities through our investment management program.

- Market Risk – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- Equity (stock) market risk – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- Company Risk. When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its

value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.

- Fixed Income Risk. When investing in bonds, there is the risk that issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- Options Risk. Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.
- ETF and Mutual Fund Risk – When RJL Wealth Management invests in a an ETF or mutual fund, the client will bear additional expenses based on its pro rata share of the ETFs or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds.
- Management Risk – Your investment with our Firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.

#### **Item 7 – Client Information Provided to Portfolio Managers**

The information that we provide to the portfolio managers varies depending on the amount of information the manager requests. Non-public information is information about you that is not available to the public. Your social security number, your net worth, and your annual income are examples of non-public information. Public information is information about you that is readily accessible to the public. Public information may include your name, phone number, and address.

Should you select a program in which AEAM serves as a sub-advisor or portfolio manager, we will provide AEAM all identifying information about your account, including non-public information.

For all accounts, your Investment Advisor Representative will have access to all of the non-public information provided by you when opening your account. This information is protected in accordance with our Privacy Policy which is included herein.

#### **Item 8 – Client Contact with Portfolio Managers**

It is the policy of RJL Wealth Management to provide an “open channel” of communication between Advisory Representatives and their clients. Clients are encouraged to contact their Advisory Representative whenever they have questions about the management of their account. Portfolio Managers are generally not available for you to speak with; however, your advisory representative may be able to facilitate contact with a manager on your behalf.

## Item 9 – Additional Information

### **Account Reviews and Reviewers**

The RJLWM investment advisor representative will contact his/her clients at least annually for the purpose of reviewing their account and to determine if there have been changes in their financial situation or investment objectives. Any changes are then reported internally, as well as to the portfolio manager as necessary.

The calendar is the main triggering factor, although more frequent reviews may also be triggered by changes in the client's circumstances, client request, or changes within the market.

Accounts managed by AEAM are reviewed by the client's RJLWM investment advisor representative when statements are received from those managers, usually quarterly. However, these accounts may also be reviewed monthly if there is account activity. Accounts managed by RJLWM are reviewed by the client's RJLWM investment advisor representative on a regular basis, but at least quarterly.

For accounts managed by AEAM, the underlying investments held in Program accounts and the recommended holdings in AEAM portfolios are reviewed as frequently as monthly, but no less than quarterly, by the AEAM portfolio manager responsible for managing the account or portfolio strategy.

### **Statements and Reports**

Clients will receive brokerage account statements from the qualified custodian on a monthly basis unless there is no trading activity in a 30 day period, in which case the client will receive statements quarterly.

### **Disciplinary Information**

This item is not applicable to RJL Wealth Management's brochure because there are no legal or disciplinary events listed at Item 9 of the Form ADV Part 2A instructions that are material to a client's or prospective client's evaluation of RJL Wealth Management' business or the integrity of RJL Wealth Management' management.

### **Other Financial Industry Activities and Affiliations**

RJL Wealth Management is **not** and does **not** have a related company that is a (1) municipal securities dealer, government securities dealer or broker, (2) investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund), (3) other investment adviser or financial planner, (4) futures commission merchant, commodity pool operator, or commodity trading advisor, (5) banking or thrift institution, (6) accountant or accounting firm, (7) lawyer or law firm, (8) pension consultant. (9) real estate broker or dealer, or (10) sponsor or syndicator of limited partnerships.

### **Relationship with Affiliated and Unaffiliated Broker/Dealers**

Lucia Securities LLC is a limited use broker/dealer and an affiliate of RJL Wealth Management. There are currently no accounts established or processed through this broker/dealer. In addition, while RJL Wealth Management is not related or affiliated with First Allied, RJL Wealth Management's associated persons are registered representatives of First Allied, a full-service broker/dealer, member FINRA/SIPC. When placing securities transactions through First Allied in their capacity as registered representatives, RJL Wealth Management's associated persons may earn sales commissions. The fact that RJL Wealth Management's associated persons can act in their separate capacities as First Allied registered representatives is material to RJL Wealth Management's advisory business.

Certain product sponsors may provide RJL Wealth Management and/or its associated persons with other economic benefits as a result of sales activities directed to the sponsors, including but not limited to, financial assistance or the sponsorship of conferences and educational sessions, marketing support, incentive awards, payment of travel expenses, tools to assist RJL Wealth Management and/or its associated persons in providing various services to clients such as reporting programs and portfolio analysis and direction of brokerage transactions to First Allied. Any hard dollars received in the form of reimbursements or other marketing support is paid to Lucia Securities LLC.

The following is important information about First Allied.

First Allied is a wholly owned indirect subsidiary of Advanced Equities Financial Corp. Advanced Equities Financial Corp. is a private holding company divided into two primary business units: (a) the Independent Brokerage Group; and (b) the Venture Capital and Private Client Services Group. The Independent Brokerage Group engages primarily in retail and institutional securities brokerage, investment banking, private equities and asset management services through its subsidiaries, Advanced Equities, Inc., First Allied Securities Inc., First Allied Advisory Services, Inc., and Advanced Equities Wealth Management that has the following wholly-owned subsidiaries: Advanced Equities Pension Services, Inc., Advanced Equities Asset Management Associates In Excellence, Inc. and Advanced Equities Insurance Services, Inc. First Allied is part of the Independent Brokerage Group. The Venture Capital and Private Client Services Group primarily provides investment banking and late stage private equity financing to emerging companies through subsidiary Advanced Equities, Inc.

Advanced Equities, Inc. is a related broker/dealer and registered investment adviser. RJLWM does not provide advice that is formulated by this related entity.

Advanced Equities Asset Management, Inc. ("AEAM"), and First Allied Advisory Services, Inc. are related registered investment advisers. RJLWM may utilize or offer to clients the investment management products and services of these firms. These products and services are described more fully in the Form ADV Part 2 Disclosure Brochure of each firm. Potential conflicts of interest will be disclosed to clients who utilize these services through delivery of the respective Form ADV Part 2 Disclosure Brochure.

Advanced Equities Insurance Services, Inc. ("AEIS") is an insurance general agency that offers insurance products through licensed insurance agents. The majority of these agents are registered as investment adviser representatives or registered representatives of an AEIS affiliate.

Advanced Equities Pension Services, Inc. provides third-party pension administration services. They provide third-party pension administration for plan sponsors, including some plan sponsors that receive other services from AEPS affiliates. Investment Advisor Representatives of RJLWM do not receive compensation for referring clients to AEPS and may refer plan sponsor to this entity or other third party firms for pension administration services. RJLWM does not provide pension administration services.

First Allied is a member of the National Futures Association.

#### ***Relationship with Affiliated Insurance Agency***

RJL Wealth Management's owner, Raymond J. Lucia, Jr. is a member and partner of LLK Insurance Brokerage Services, LLC, doing business as RJL Insurance Services, an insurance agency. When RJL Wealth Management's associated persons determine that clients are in need of insurance products, clients may be referred to LLK Insurance Brokerage Services, LLC. In addition, if a LLK Insurance Brokerage Services, LLC client is in need of financial planning or other advisory services, the client may

be referred to the RJL Wealth Management. Principal owners and other agents or employees of LLK Insurance Brokerage Services, LLC will not be compensated in any way for the referral of a client to RJL Wealth Management by RJL Wealth Management.

The amount of the advisory fee is not increased due to this arrangement and clients are not obligated to use the services of LLK Insurance Brokerage Services, LLC or RJL Wealth Management. While RJL Wealth Management does not provide compensation for referrals from LLK Insurance Brokerage Services, LLC, the RJL Wealth Management and LLK Insurance Brokerage Services, LLC are under common ownership and there is a benefit for the two firms to share clients.

### ***Third-Party Money Managers***

We may recommend clients work directly with third-party money managers. When we refer clients to a third party money manager, you need to know that the Firm will receive a portion of the fee charged by the third party money manager. Therefore, we have a conflict of interest in that we will only recommend third party money managers that will agree to compensate the Firm by paying us a portion of the fees billed to your account managed by the third party money manager.

### **Code of Ethics Summary**

According to the *Investment Advisers Act of 1940*, an investment advisor is considered a fiduciary. As a fiduciary, it is an investment advisor's responsibility to provide fair and full disclosure of all material facts. In addition, an investment advisor has a duty of utmost good faith to act solely in the best interest of each of its clients. RJL Wealth Management and its associated persons have a fiduciary duty to all clients. RJL Wealth Management has established a Code of Ethics which all associated persons must read. They must then execute an acknowledgment agreeing that they understand and agree to comply with RJL Wealth Management's Code of Ethics. The fiduciary duty of RJL Wealth Management and its associated persons to clients is considered the core underlying principle for RJL Wealth Management's Code of Ethics and represents the expected basis for all associated persons' dealings with clients. RJL Wealth Management has the responsibility to make sure that the interests of clients are placed ahead of it or its associated persons' own investment interests. All associated persons will conduct business in an honest, ethical and fair manner. All associated persons will comply with all federal and state securities laws at all times. Full disclosure of all material facts and potential conflicts of interest will be provided to clients prior to services being conducted.

All associated persons have a responsibility to avoid circumstances that might negatively affect or appear to affect the associated persons' duty of complete loyalty to their clients. This section is only intended to provide current clients and potential clients with a description of RJL Wealth Management's Code of Ethics. If current clients or potential clients wish to review RJL Wealth Management's Code of Ethics in its entirety, a copy may be requested from any of RJL Wealth Management's associated persons and a copy will be provided promptly.

### **Personal Trading Policy**

RJL Wealth Management or its associated persons may buy or sell securities or have an interest or position in a security for their personal account which they also recommend to clients. This presents a conflict of interest between our clients' investment interests and the interests of our personnel. Therefore, we have formed the following procedures to help monitor and control for conflicts of interest arising from our personal trading policies.

- RJL Wealth Management is and shall continue to be in compliance with The Insider Trading and Securities Fraud Enforcement Act of 1988.

- No associated person shall prefer his or her own interest to that of an advisory client.
- No person employed by RJJ Wealth Management may purchase or sell the same security prior to a transaction or transactions being implemented for an advisory account.
- Associated persons shall not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, by information obtained as a result of his/her employment unless the information is also available to the investing public upon reasonable inquiry.
- As part of the Code of Ethics (summarized above) RJJ Wealth Management maintains a list of all securities holdings for itself and all associated persons which are reviewed on a regular basis by a principal of the Firm.

### **Client Referrals and Other Compensation**

#### ***Relationship with Raymond J Lucia Companies, Inc.***

RJJ Wealth Management has entered into a solicitor arrangement with Raymond J. Lucia Companies, Inc. (RJJ Companies) who will refer clients that may be candidates for investment advisory services, to RJJ Wealth Management.

RJJ Companies is owned and operated by Raymond J. Lucia, Sr. who is also an investment advisor representative with RJJ Companies. Officers and advisor representatives of RJJ Wealth Management are currently supervised persons (and in some cases investment advisor representatives) of RJJ Companies. Raymond J. Lucia, Sr. is the host of The Ray Lucia Show. Richard Plum, RJJ Wealth Management's Director of Financial Planning and an investment advisor representative, appears on The Ray Lucia Show which is broadcast daily on the Business Talk Radio Network and on cable television by ALN and Biz TV.

Raymond J. Lucia, Sr. is also a member and controlling person of LLK Insurance Brokerage Services, LLC, an insurance agency affiliated with RJJ Wealth Management.

RJJ Wealth Management has agreed to compensate RJJ Companies for client referrals. Compensation to RJJ Companies is not dependent on the client entering into an advisory agreement with RJJ Wealth Management. Compensation to RJJ Companies is a flat fee and is not based on a percentage of the advisory fee charged by RJJ Wealth Management to clients referred by RJJ Companies. The arrangement between RJJ Wealth Management and RJJ Companies is in compliance with federal and state regulations (as applicable) specific to the payment of compensation to referring parties. The solicitation/referral fee is paid pursuant to a written agreement retained by both RJJ Wealth Management and RJJ Companies. RJJ Companies is required to provide prospective RJJ Wealth Management clients with a copy of RJJ Wealth Management's disclosure document and a solicitor disclosure statement at the time of solicitation. Raymond J. Lucia, Sr. may discuss investment products that may be available on a commission vs. a fee basis; however he is not permitted to offer clients any investment advice on behalf of RJJ Wealth Management. The advisory fee charged to clients referred by RJJ Companies is not higher than fees charged to other RJJ Wealth Management clients and therefore is not increased as a result of compensation being shared by RJJ Wealth Management with RJJ Companies.

#### ***The Bucket Strategy Advisor Network***

RJJ Wealth Management may contract with certain investment advisor representatives (BSAN IARs) of First Allied Advisory Services, Inc., First Allied Securities, Inc., or other unaffiliated investment advisors

(BSAN RIA) to become part of the Bucket Strategy Advisor Network (BSAN). These BSAN IARs are generally also registered representatives of First Allied Securities, Inc. (FASI), a registered broker/dealer. In this separate capacity, they may sell securities to clients for commissions in addition to providing advisory services. As registered representatives of FASI the BSAN IAR's and IAR's of RJL Wealth Management are required to use the services of FASI and FASI's approved clearing broker-dealers when acting in their capacity as registered representatives. FASI has a wide range of approved securities products for which FASI performs due diligence in selecting. Registered representatives of FASI are required to adhere to these products when implementing securities transactions through FASI.

Commissions charged for these products may be higher or lower than commissions clients may be able to obtain if transactions were implemented through another broker/dealer.

BSAN IARs are selected for the network after a due diligence review process. The IAR will pay a program fee for training and ongoing consulting services. The IAR will be trained to use RJLWM's proprietary planning method, which creates an asset allocation designed to meet the client's long term investment objectives through the use of various products, including but not limited to managed accounts, alternative investments, and insurance products. BSAN IARs will also receive client referrals from RJLWM, but may use the BSAN training with any client. Client referrals may initially originate from referrals received through a solicitor arrangement with RJL Companies as outlined above. For alternative investments and insurance products, RJLWM may limit the products available to a subset of those approved for broker/dealer use. A portion of all fees earned by a BSAN IAR will be paid to RJLWM. For accounts introduced into a proprietary management strategy, RJLWM will receive a portion of the platform fees for its services. First Allied Advisory Services, First Allied, and AEAM are not affiliated with Ray Lucia, Sr., RJL Companies, or RJLWM. RJLWM has entered into a contractual agreement with First Allied Securities, Inc., and First Allied Advisory Services, Inc. to provide certain services attendant to the BSAN program.

The arrangement between RJL Wealth Management and the BSAN IAR is in compliance with federal and state regulations (as applicable) specific to the payment of compensation to referring parties. The solicitation/referral fee is paid pursuant to a written agreement retained by both the BSAN IAR and RJLWM. RJLWM is required to provide prospective BSAN clients with a copy of the BSAN IAR's Form ADV Part 2A and a solicitor disclosure statement at the time of solicitation.

The advisory fee charged to clients referred by RJLWM to BSAN IAR may be higher than fees charged to other RJL Wealth Management clients and therefore may be increased as a result of compensation being shared by BSAN IAR with RJLWM.

### ***Other Compensation***

RJL Wealth Management's associated persons sell securities in their separate capacity as registered representatives. Some of the associated persons are also independently licensed insurance agents and sell insurance products. They can earn commissions when selling these products.

Some of the advice offered by the associated persons involves investments in mutual fund products. Load and no-load mutual funds may pay annual distribution charges, sometimes referred to as 12b-1 fees. The associated persons may receive a portion of these 12b-1 fees from some investment companies in their separate capacities as registered representatives. Clients should be aware that these 12b-1 fees come from fund assets and, thus, indirectly from client's assets. The receipt of these fees could represent an incentive for registered representatives to recommend funds with 12b-1 fees or higher 12b-1 fees over funds with no fees or lower fees, therefore creating a potential conflict of interest. From time to time, RJL Wealth Management may receive expense reimbursement for travel and/or marketing expenses from distributors of investment and/or insurance products. Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events

hosted by product sponsors. Marketing expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors may underwrite costs incurred for marketing such as advertising, publishing and seminar expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for whom sales have been made or it is anticipated sales will be made. RJL Wealth Management's limited use broker/dealer, Lucia Securities, LLC has arrangements with First Allied Securities, Inc. to share in the distribution fees related to the sale of certain non-traded Real Estate Investment Trusts. These amounts are fully disclosed to clients at the point of sale. Investors do not have additional costs, fees or charges as a result of these compensation arrangements. The associated persons endeavor at all times to put the interest of the clients first as a part of their fiduciary duty. However, clients should be aware that the receipt of additional compensation through 12b-1 fees, servicing fees, nominal sales awards and/or expense reimbursements creates a conflict of interest that may impact the judgment of the associated persons when making advisory recommendations.

We may from time to time receive expense reimbursement for travel and/or marketing expenses from distributors of investment and/or insurance products. Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors may underwrite costs incurred for marketing such as advertising, publishing and seminar expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for whom sales have been made or it is anticipated sales will be made. This creates a conflict of interest in that there is an incentive to recommend certain products and investments based on the receipt of this compensation instead of what is in the best interest of our clients. We attempt to control for this conflict by always basing investment decisions on the individual needs of our clients.

### **Financial Information**

This item is not applicable to this brochure. RJL Wealth Management does not require or solicit prepayment of more than \$1200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. RJL Wealth Management is not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, RJL Wealth Management has not been the subject of a bankruptcy petition at any time.

## Customer Privacy Policy Notice

RJLWM collects information about customers to facilitate the servicing of customer account(s). RJLWM may receive non-public personal information about customers from any of the following sources:

- Information we receive from customers on applications or other forms, including but not limited to customer name, address, social security number, income, income tax rate, net worth, financial objectives, risk tolerance and the names of beneficiaries
- Information we receive or obtain from other sources, including:
- Information collected and developed by issuers of securities customers own, in order to administer and process transactions;
- Information about customer financial products and services transactions with First Allied;
- If a customer applies for insurance products, RJLWM may collect health information provided to us by the customer

RJLWM collects information about customers to develop financial plans and assist with advisory services for our customers. This customer information may include:

- Information about existing insurance policies, wills, mortgages and tax returns;
- Personal and household information such as spending habits, financial goals and other records concerning customer financial condition

RJLWM employees use information about customers to respond to customer needs and to provide information about specific products in which customers may have an interest. RJLWM instructs our employees to use strict standards of care in handling the personal and confidential customer information. RJLWM reminds employees regularly of their obligations regarding the confidentiality of customer information. Additionally, as a security measure, RJLWM has in its employ an outside bonded company to shred all sensitive documents.

### Customer Service

RJLWM communicates with customers on a regular basis to provide requested services. Regarding issues relating to their account we reply via telephone, email, US Postal Service or overnight service in accordance with the customer's wishes.

### Legal Disclaimer

RJLWM makes every effort to preserve customer privacy. However, we may need to disclose personal information upon regulatory demand or when required by law wherein we have a good-faith belief that such action is necessary to comply with a current judicial proceeding, a court order or legal process served on RJLWM. RJLWM does not disclose customer information to nonaffiliated third parties except as permitted or required by law. RJLWM DOES NOT sell customer personal information to third parties.

### Third Party Intermediaries

RJLWM provides information about current or former customers from the sources described above to parties outside RJLWM only as described below:

- To First Allied, a registered broker/dealer and registered investment adviser, in order to process activities for customer investment accounts;
- To the clearing firm for First Allied, Pershing LLC, in order to process activities for customer investment accounts, the clearing firm handles all custody functions, processes and settles trades, transmits 1099 reporting to the IRS, sends monthly statements of customer accounts, etc.;
- These institutions are prohibited by agreement from using information about customers except for the narrow purpose of servicing the customer accounts;
- To other companies as necessary to process customer business. Third parties in this category, like those in the category above, must limit their use of the information to the purpose for which it was provided;
- Where required by law or regulation, e.g. responses to a subpoena, court order or regulatory demand;
- As authorized by the customer. The customer may direct us, for example, to send customer account statements and trade confirmations to a third party or request bank wire transmissions;
- As otherwise authorized, permitted by law or the customer. For example, the law permits us to respond to requests for information about the customer from a consumer-reporting agency.

#### Business Transitions

In the event RJLWM goes through a business transition, such as a merger, being acquired by another company, or selling a portion of its assets, customer personal information will, in most instances, be part of the assets transferred.

#### Choice to Opt Out

If for any reason at any time in the future, RJLWM finds it necessary to disclose any customer personal information in a way that is inconsistent with this policy, we will give customers advance notice of the proposed change and the opportunity to opt out of such disclosure. Customers must be given the opportunity and means to opt out of (or prevent) such disclosure. A copy of the revised policy will accompany any notification of change.

#### Security

RJLWM considers the protection of sensitive information to be a corner-stone of customer trust and a sound business practice. We employ extensive physical, electronic and procedural controls and we regularly adapt these controls to respond to changing requirements and advances in technology. RJLWM takes every precaution to protect customer information. When customers submit sensitive information, their information is protected.

RJLWM implements our procedural controls to protect customer information both on and offline. For information that is gathered online we use SSL encryption to protect sensitive information. Offline, customer information, not just the sensitive information mentioned above, is restricted in our offices. RJLWM uses procedural, physical and electronic system safeguards to store and secure information about customers in compliance with federal standards. Our systems protect customer information from unauthorized access, alteration and destruction. Access is permitted only to those individuals within our organization who need the information to perform their job responsibilities. Furthermore, RJLWM

employees are kept up-to-date on our security and privacy practices. Finally, the servers that store personally identifiable information are in a secure environment in a locked facility.

#### Correcting/Updating Personal Information

Customers may call or write RJLWM in order to update or correct their information. In certain circumstances, the customer will receive a letter from First Allied confirming the change. Customers should keep this confirmation of change letter and all other important documents in a safe and secure location.

#### Notification of Changes

RJLWM reviews our privacy policy at least annually and sends it to all current customers each year at the same time. Should we deem it necessary to materially alter our privacy policy, we will post those changes to our website at [www.rjlwm.com](http://www.rjlwm.com) and send an updated privacy policy to all of our existing customers so they are always aware of the information we collect, how we use it, and under what circumstances, if any, we disclose it. Customers may contact RJLWM at any time for a copy of our privacy policy.

#### Former Customers of RJLWM

If a customer closes an account with RJLWM, we will continue to operate in accordance with the principles defined under the RJLWM Privacy Policy.

#### Federal Law Requirements

The Securities and Exchange Commission adopted Regulation S-P, privacy rules promulgated under Section 504 of the Gramm-Leach-Bliley Act which Congress enacted in November of 1999. A financial institution must provide its customers with a notice of its privacy policies and practices.

#### Contact Information

If customers have questions or concerns regarding this statement, they should contact Theresa Ochs, Chief Compliance Officer, at 619.497.5555, ext. 1050.