

**R.T. Jones Capital Equities Management, Inc.**  
Customer Relationship Summary  
June 30, 2020

**Introduction**

R.T. Jones Capital Equities Management, Inc. is registered with the Securities and Exchange Commission as an Investment Adviser. Brokerage and investment advisory services and fees differ, and it is important for you to understand these differences. Free and simple tools are available to research firms and financial professionals at [Investor.gov/CRS](https://www.investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisers, and investing.

**What investment services and advice can you provide me?**

We offer investment advisory services to retail investors, managing client retirement and individual accounts on a discretionary basis using our proprietary Artesys investment models. The Artesys investment models invest exclusively in mutual funds and exchange-traded funds (“ETFs”). We do not invest client accounts in other investments.

We informally review each Artesys investment model on a periodic basis to ensure that it continues to conform to its respective investment mandate. As part of our services, we monitor and review client accounts at least quarterly, and periodically rebalance accounts to bring them back to the asset allocation mix of the applicable Artesys model. You can contact us to impose certain allowable restrictions on the management of your account, subject to our right to reject management of your account if any restriction is inconsistent with our stated strategy, philosophy, or the operation of the selected model.

*For additional information, please see Items 4, 7 and 8 of our [Form ADV, Part 2A Brochure](#).*

Conversation Starters:

- Given my financial situation, should I choose an investment advisory service? Why or why not?
- How will you choose investments to recommend to me?
- What is your relevant experience, including your licenses, education and other qualifications? What do these qualifications mean?

**What fees will I pay?**

If you engage us to provide investment advisory services to your account, we will charge your account an annual, asset-based fee. We will deduct this fee from your account at or around the end of each calendar quarter. Because we charge an asset-based fee, the greater the value of your account, the more you will pay in management fees. We therefore have an incentive to encourage you to increase the amount of assets in your account.

Mutual funds and ETFs in which your assets may be invested charge additional management fees and other expenses. Additionally, your account may be charged a custody fee by the custodian, or other administrative fee, depending on where the assets are held.

You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.

*For additional information, please see Item 5 of our [Form ADV, Part 2A Brochure](#).*

Conversation Starter: Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?

**What are your legal obligations to me when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?**

*When we act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide you. Here are some examples to help you understand what this means.*

Because we charge your account an asset-based fee, we have an incentive to encourage you to make additional deposits into your account. If your account is a retirement or pension account, we may also receive compensation from the retirement plan or the plan sponsor for providing services to the plan.

Conversation Starter: How might your conflicts of interest affect me, and how will you address them?

*For additional information, please see Items 10, 11 and 14 of our [Form ADV, Part 2A Brochure](#).*

**How do your financial professionals make money?**

Our financial professionals receive a regular salary, and are eligible for discretionary bonus compensation. Our financial professionals are compensated, in part, based on the amount of client assets they service. This presents a potential conflict of interest in that our professionals are incentivized to encourage you to increase the amount of assets in your account(s) managed by us.

**“Do you or your financial professionals have legal or disciplinary history?”**

Yes. Visit [Investor.gov/CRS](http://Investor.gov/CRS) for a free and simple search tool to research us and our financial professionals.

Conversation Starter: How might your conflicts of interest affect me, and how will you address them?

**Additional Information**

*You can obtain additional information about our services, and a free copy of our latest Customer Relationship Summary and Form ADV, Part 2A Brochure, by visiting our website at [artesysonline.com](http://artesysonline.com) or by calling us at 314-783-5000.*

Conversation Starter: Who is my primary contact person? Is he or she a representative of an investment adviser or a broker-dealer? Who can I talk to if I have concerns about how this person is treating me?

# **R.T. Jones Capital Equities Management, Inc.**

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## **SEC Form ADV Part 2A Brochure**

**June 29, 2021**

This Brochure (“Brochure”) provides information about the qualifications and business practices of R.T. Jones Capital Equities Management, Inc. If you have any questions about the contents of this Brochure, please contact us by telephone at 314-783-5000 or by e-mail at [Artesys@artesysonline.com](mailto:Artesys@artesysonline.com). Our Brochure is also available on our website [www.artesysonline.com](http://www.artesysonline.com) free of charge. 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.

R.T. Jones Capital Equities Management, Inc. is a Registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training. Additional information about R.T. Jones Capital Equities Management, Inc. is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

As part of our annual review, we have made a number of revisions to our brochure since the last annual update to our brochure dated June 29, 2020. We do not consider any of these revisions to be material.

### **Item 3 – Table of Contents**

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## **Item 4 – Advisory Business**

### Firm Description

R.T. Jones Capital Equities Management, Inc. (“R.T. Jones”) is a Missouri-based corporation founded in March 1987. R.T. Jones has been registered as an investment adviser with the Securities and Exchange Commission (the “SEC”) since July 2004.

### Principal Owners

R.T. Jones is a wholly-owned subsidiary of R.T. Jones, F.S. Ladner & Associates, Inc. Robert Jones is the principal owner of R.T. Jones, F.S. Ladner & Associates, Inc.

### Types of Advisory Services

R.T. Jones offers fee-only investment management services to individuals, corporate pension and retirement plans, trusts, and endowments.

#### ERISA §3(38) INVESTMENT MANAGER

R.T. Jones acts as the investment manager under the Employee Retirement Income Security Act of 1974 (“ERISA”) §3(38) to corporate retirement plans where it is granted discretionary authority by the plan sponsors to select and monitor the investment options for the plans from those available through the plans’ administrator.

As an ERISA §3(38) manager, R.T. Jones will develop an Investment Policy Statement (“IPS”) for the plan or review the plan’s IPS. Once the IPS is established and approved, R.T. Jones will review and select the investment options available through the plan’s administrator.

#### DISCRETIONARY SEPARATE ACCOUNT MANAGEMENT

R.T. Jones offers discretionary separate account management services, managing client accounts using its proprietary Artesys investment models. The Artesys investment models invest in mutual funds and exchange-traded funds (“ETFs”). Please see Item 8 for a general description of the Artesys investment models.

R.T. Jones primarily provides separate account management services to retirement and pension plan participants with plans administered through OneAmerica Retirement Services (“OneAmerica”). R.T. Jones also provides separate account management services to individual and retirement plan accounts held through E\*TRADE Advisor Services (“E\*TRADE”), in some cases acting as subadviser to the account.

Clients have the opportunity to impose certain allowable restrictions on the management of their account, and to change such restrictions, subject to R.T. Jones’s acceptance of any such restriction or change. Specifically, clients may request reasonable restrictions on investments held within their account, provided any such restriction is not inconsistent with R.T. Jones’s stated investment strategy or philosophy, or is not fundamentally inconsistent with the nature or operation of the model. Clients should e-mail R.T. Jones at the e-mail address shown on the cover of this Brochure

if they would like to impose any restrictions on R.T. Jones' management of their account or change any existing restrictions. Clients must understand that certain investment restrictions will be inconsistent with the nature of R.T. Jones' separate account management services and that R.T. Jones may reject a new client, or terminate an existing client, if an investment restriction required by the client is fundamentally inconsistent with R.T. Jones' strategy or the nature or operation of the selected model. If R.T. Jones accepts a client's requested restriction, it will continue to manage the Account in the client's best interest, but is not responsible for any deviation in performance between the client's Account as restricted and an Account invested according to the same model portfolio, without the restriction. The performance of an Account with restrictions may differ from the performance of other client Accounts without restrictions, possibly producing lower overall results. Evaluation of the reasonableness of a restriction request may result in delays in the acceptance or management of a client's Account. R.T. Jones may reevaluate restrictions on a case by case basis, which may result in the rejection of a restriction that was previously accepted. Please note that changing a restriction may result in buy or sell activity in a client's Account. If a material change occurs to a client's goals, financial circumstances, or investment objectives, or a client wishes to impose or modify reasonable restrictions on the management of the Account, it is the client's responsibility to promptly update the client's profile information or to call R.T. Jones at the phone number on the cover of this Brochure.

#### Regulatory Assets Under Management

As of March 31, 2021, R.T. Jones managed approximately \$526,767,423 in client assets, all on a discretionary basis.

#### **Item 5 – Fees and Compensation**

R.T. Jones' current standard fee schedules are provided below. Please note that R.T. Jones has negotiated different fee rates and schedules for certain clients and plans, may negotiate different fee rates and schedules in the future, and may waive its fees in certain circumstances. Please review your investment management agreement with R.T. Jones for information about the management fee charged by R.T. Jones to your account.

#### **Management Fees for Separate Account Management Accounts Held Through E\*TRADE:**

##### Fee Schedule

1.00% on the first \$500,000 of Account assets  
0.90% on assets between \$500,000.01 - \$1,500,000  
0.85% on assets between \$1,500,000.01 - \$2,500,000  
0.80% on assets between \$2,500,000.01 - \$3,500,000  
0.75% on assets over \$3,500,000

For clients with accounts held through E\*TRADE, R.T. Jones will deduct its fees directly from the client's account quarterly in advance.

**Management Fees for Separate Account Management Held Through OneAmerica:**

Fee schedule based on overall separate account assets managed for the plan.

| <b>Client Assets – Retirement Plans</b> | <b>Annual Fee (%) for all assets</b> |
|---|--------------------------------------|
| Standard                                | 0.60% (60 bps)                       |
| QDIA                                    | 0.50% (50 bps)                       |

*When R.T. Jones is serving as a 3(38) Manager on the Plan:*

| <b>Client Assets – Retirement Plans</b>                  | <b>Annual Fee (%) for all assets</b> |
|--|--------------------------------------|
| Serving as a 3(38) Manager                               | 0.40% (40 bps)                       |
| Serving as a 3(38) Manager and Artesys appointed as QDIA | 0.30% (30 bps)                       |

For Qualified Plan Clients obtained through OneAmerica, fees are typically deducted from clients' assets quarterly in arrears.

**Management Fees for ERISA §3(38) Investment Manager Services**

R.T. Jones' typically charges an annual fee of 0.15% (15 bps) of the value of assets held by the Plan for its §3(38) investment manager services. The fee is billed quarterly, in arrears.

The Plan Sponsors can elect to pay for the 3(38) services directly to R.T. Jones or request R.T. Jones to build the (3)(38) fees into the Plan. If the 3(38) fees are built into the Plan, the Plan's Recordkeeper will facilitate fee calculation and collection. The fees are pro-rated intra-quarter depending on when the investment management agreement commences or terminates.

The §3(38) fee is typically lowered to 0.05% (5 bps) where Artesys, R.T. Jones' proprietary managed account program, is added to the Plan as a Managed Account Provider. In this case, the Plan Sponsor will execute a separate agreement appointing Artesys as a Managed Account service provider. The separate account management fee is billed only to the Plans' participants using the service and is deducted from the participants account by the Plan's Recordkeeper.

The §3(38) fee also lowered to 0.05% (5 bps) if Artesys is added to the Plan as a Managed Account Provider to the participants and as a QDIA for the Plan. The Plan Sponsor will execute a separate agreement appointing Artesys as a Managed Account service provider and as the Plan's QDIA. The management fee is billed only to the Plans' participants using the service and is deducted from the participants account by the Recordkeeper.

The management fee discounts may incentivize the Plan Sponsors to use more of R.T. Jones' services.



**Other Fee Information**

For accounts held through E\*TRADE, R.T. Jones pays a portion of its fee to E\*TRADE for E\*TRADE’s services, which include, but are not limited to, brokerage commissions and custody fees, among other fees and expenses, at the following annual rates per account:

|                                  |       |
|----------------------------------|-------|
| First \$99,999                   | 0.35% |
| Next \$150,000                   | 0.30% |
| Next \$250,000                   | 0.25% |
| Next \$500,000                   | 0.20% |
| Next \$1,000,000                 | 0.15% |
| Amounts greater than \$2,000,000 | 0.00% |

In addition, E\*TRADE will provide custody fee discounts to R.T. Jones based upon the following breakpoints:

| <u>Client Assets Under Custody at E*TRADE</u> | <u>Cumulative Discount</u> |
|---|----------------------------|
| \$50,000,000                                  | 5%                         |
| \$100,000,000                                 | 10%                        |
| \$250,000,000                                 | 15%                        |
| \$500,000,000                                 | 20%                        |
| \$1,000,000,000                               | 25%                        |

**Annual Asset and Minimum Fees Per Account – E\*TRADE Accounts**

E\*TRADE computes annual asset fees at the end of each quarter and assesses the computed fees each April, July, October and January for the prior quarter. Fees are prorated based on the number of days in each quarter and charged in arrears based on the average daily account balance during the quarter.

To support the minimum expense of servicing client accounts, each account is subject to a minimum quarterly asset fee of \$25.

**Subadvisory Services to R.T. Jones Collective Investment Trust**

R.T. Jones serves as a subadviser to a separate series of R.T. Jones Collective Investment Trust. For these services, R.T. Jones is entitled to receive an annual management fee of 0.25%.

## **Investments in Investment Companies – All Accounts**

Investment companies (mutual funds, ETFs, etc.) in which a client's assets are invested charge additional management fees and other expenses, as described in each fund's prospectus. Moreover, client may be charged a custody fee by the custodian, or other administrative fee, depending on where the assets are held.

Please refer to Item 12 of this brochure regarding brokerage practices.

### **Partial Periods**

For clients whose assets are held in custody at E\*TRADE, advisory fees are prorated for any new accounts opened during a calendar quarter. In the event that a client terminates its advisory agreement with R.T. Jones prior to the end of a quarter or a wealth management platform client ceases to be a client of the platform, the client will be entitled to receive a refund of any unearned management fees that were deducted from their custodial account. The amount of the refund will be calculated by dividing the most recent management fee by the number of days in the quarter and multiplying that figure by the number of days left in the quarter following the date of termination.

For clients whose assets are held through OneAmerica, advisory fees are not prorated for any new accounts opened during a calendar quarter. Because R.T. Jones bills accounts at OneAmerica based on the quarter-end balance of the account, a client cancelling R.T. Jones' services during a quarter (other than on the last day of the quarter) will not be charged an advisory fee by R.T. Jones for that partial quarter.

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

R.T. Jones does not charge any performance-based fees (fees based upon a share of capital gains on or capital appreciation of the assets of a client).

### **Item 7 – Types of Clients**

R.T. Jones primarily offers its investment management services to individuals, corporate pension and profit sharing plans, trusts, endowments, and fee-only, non-discretionary pension consulting services to corporate retirement plans such as 401(k), 403(b), and 457 accounts. R.T. Jones does have the following requirements for opening and maintaining some accounts, such as a minimum account size, which is described below:

- For clients sub-advised by R.T. Jones, R.T. Jones generally requires a minimum of \$50,000 for R.T. Jones to manage an account, subject to R.T. Jones' right to accept smaller accounts in its sole discretion.
- For clients whose assets are held in custody at OneAmerica, there is generally no minimum account size.

R.T. Jones also acts as the subadviser to a collective investment trust to which Alta Trust Company serves as trustee and custodian.

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

R.T. Jones offers a series of investment models under the brand name Artesys®. These models fall into two broad investment approaches: Offensive and Defensive.

### **ARTESYS INVESTMENT STRATEGY DESCRIPTIONS:**

THERE CAN BE NO ASSURANCE THAT THE INVESTMENT OBJECTIVES OF THE ARTESYS PORTFOLIOS WILL BE ACHIEVED OR THAT INVESTMENT RESULTS WILL BE BETTER THAN THAT OF A SIMPLE BUY AND HOLD STRATEGY OR THAT RESULTS WILL BE PROFITABLE.

The **Artesys Model Portfolios** (“Portfolios”) are asset allocations of unaffiliated mutual funds. The Portfolios will generally be invested in mutual funds with exposure to Global equities, U.S. fixed income, and cash alternatives (including money market funds). The goal of asset allocation is to seek to reduce risk through diversification by having exposure to a variety of investments that perform differently during various market conditions. Asset allocation, diversification, and rebalancing are all part of the Artesys investment strategy, which is built upon the economic concepts of Modern Portfolio Theory (MPT). Asset allocation, diversification, and rebalancing do not ensure a profit or guarantee against loss. R.T. Jones seeks to limit the volatility in the Portfolios by spreading the risk among different types of securities that don't always behave the same way. One principle of investing states that the higher the risk, the higher the expected potential return and conversely, the lower the risk, the lower the expected potential return. According to MPT, a portfolio (a combination of individual investments) exhibits risk and return characteristics based on its composition and the way those components correlate with each other. MPT posits that for each level of risk, there is an "optimal" asset allocation that is designed to produce the best balance of risk versus return. An optimal portfolio will provide neither the highest returns, nor the lowest risk of all possible portfolio combinations. It will attempt to balance the lowest risk for a given level of return and the greatest return for an acceptable level of risk.

Over time some of investments may become out of alignment within the Portfolios, as some investments will grow faster than others. R.T. Jones will periodically rebalance accounts bringing them back to the asset allocation mix to seek to ensure that the accounts do not overemphasize one or more asset categories. Rebalancing may result in costs for client accounts, which may, in turn, reduce returns.

The **Offensive Model Portfolios** employ a long-term buy-and-hold approach to investing. Offensive Model Portfolios seek to remain fully invested at all times and their primary objective is to maximize returns for a given level of risk. During a Bull Market, when global equity prices are generally rising in value, the Offensive Portfolios are designed to follow the equities market and seek to capture favorable returns and, unlike Defensive Portfolios, are not designed to rotate out of the market during periods of deep or prolonged market declines (“Bear Markets”). For this reason, we generally expect the Offensive Portfolios to perform better than the Defensive Portfolios in Bull Market conditions.

- **Offensive Conservative Model Portfolio** has the highest percentage of its assets (typically 75%) invested in mutual funds with exposure to fixed income asset classes

(“bond funds”) with the remainder generally invested in mutual funds with exposure to equity asset classes (“stock funds”).

- **Offensive Moderate Model Portfolio** has typically 40% of its assets invested in bond funds, with the remainder generally invested in stock funds.
- **Offensive Growth Model Portfolio** has typically 20% of its assets invested bond funds, with the remainder generally invested in stock funds.
- **Offensive Aggressive Model Portfolio** has typically 100% of its assets invested in stock funds.
- **Offensive Aggressive Plus Model Portfolio** has typically 100% of its assets invested in stock funds. Aggressive Plus has a higher allocation to small cap stocks and growth stocks than Offensive Aggressive.

The **Defensive Model Portfolios** employ a short-term buy-and-sell approach to investing. The primary objective is to seek to minimize risks – even if it costs some returns. With an emphasis on account protection, and in an effort to avoid losses in response to adverse market conditions, the Defensive Portfolios are designed to invest all or a substantial portion of their assets into cash alternatives that are uncorrelated to the global equity market, with the goal of decreasing exposure to Bear Markets. Defensive Portfolios seek to rotate out of the market during Bear Markets, in R.T. Jones’ discretion. This means that, based on R.T. Jones’ economic and market outlook, the Defensive Portfolios will move from a fully invested portfolio in stock funds and bond funds, to a portfolio invested in cash alternatives (including money market funds). The percentage allocation to cash alternatives will vary depending on R.T. Jones’ market outlook. We expect the Defensive Portfolios to perform better than the Offensive Portfolios in Bear Market conditions. When fully invested, Defensive Model Portfolios seek to maximize returns for a given level of risk:

- **Defensive Conservative Model Portfolio** has the highest percentage of its assets (typically 65%) invested in bond funds with the remainder generally invested in stock funds.
- **Defensive Moderate Model Portfolio** has typically 35% of its assets invested in bond funds, with the remainder generally invested in stock funds.
- **Defensive Growth Model Portfolio** has typically 100% of its assets invested in stock funds.

Investing in securities involves risk of loss that clients should be prepared to bear. Although R.T. Jones will attempt to moderate these risks, no assurance can be given that the investment activities of an account R.T. Jones advises will achieve the investment objectives of such account or avoid losses. R.T. Jones does not represent or guarantee that its services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. R.T. Jones cannot offer any guarantees or promises that clients’ financial goals and objectives will be met. Past performance is in no way an indication of future performance. It is important that clients understand the risks associated with investing in the types of investments listed above.

The information included in this Brochure does not include every potential risk associated with an investment strategy, technique or type of security applicable to a particular client account. Clients are encouraged to ask questions regarding risks applicable to a particular strategy or investment product and read all product-specific risk disclosures. It is the client's responsibility to give R.T. Jones complete information and to notify R.T. Jones of any changes in financial circumstances or goals.

The following is not meant to be a complete description of risks:

- Market Risk: The price of any security, including ETFs, equities, bonds or mutual funds may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- Liquidity Risk: Liquidity is the ability to readily convert an investment, including ETFs, into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while certain corporate bonds may not be as liquid.
- Interest-Rate Risk: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- Reinvestment Risk: This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to bonds.
- Call Risk: Bonds that are callable carry an additional risk because they may be called prior to maturity depending on current interest rates thereby increasing the likelihood that reinvestment risk may be realized.
- Credit Risk: The price of a bond depends on the issuer's credit rating, or perceived ability to pay its debt obligations. Consequently, increases in an issuer's credit risk, may negatively impact the value of a bond investment.
- Inflation Risk: When inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- 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.
- Speculation Risk: The commodities markets are populated by traders whose primary interest is in making short-term profits by speculating whether the price of a security will go up or go down. The speculative actions of these traders may increase market volatility that could drive down the prices of commodities.
- Geopolitical Risk: The risk an investment's returns could suffer as a result of political changes or instability in a country. Instability affecting investment returns could stem from a change in government, legislative bodies, other foreign policy makers or military control.

- Currency Risk: Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- Foreign Market Risk: The securities markets of many foreign countries, including emerging countries, have substantially less trading volume than the securities markets of the United States, and securities of some foreign companies are less liquid and more volatile than securities of comparable United States companies. As a result, foreign securities markets may be subject to greater influence by adverse events generally affecting the market, by large investors' trading significant blocks of securities, or by large dispositions of securities, than as it is in the United States. The limited liquidity of some foreign markets may affect R.T. Jones' ability to acquire or dispose of securities at a price and time it believes is advisable. Further, many foreign governments are less stable than that of the United States. There can be no assurance that any significant, sustained instability would not increase the risks of investing in the securities markets of certain countries.
- Counterparty and Broker Credit Risk: Certain assets will be exposed to the credit risk of the counterparties when engaging in exchange-traded or off-exchange transactions. There may be a risk of loss of assets on deposit with or in the custody of a broker in the event of the broker's bankruptcy, the bankruptcy of any clearing broker through which the broker executes and clears transactions, or the bankruptcy of an exchange clearinghouse.
- Leverage Risk: Although R.T. Jones does not employ leverage in the implementation of its investment strategies, some ETFs and mutual funds employ leverage. Leverage increases returns to investors if the investment strategy earns a greater return on leveraged investments than the strategy's cost of such leverage. However, the use of leverage exposes investors to additional levels of risk and loss that could be substantial.
- Manager Risk: R.T. Jones' judgment about the attractiveness, growth prospects and value of a particular asset, class of assets or individual security could prove to be incorrect. There is no guarantee that the securities or investment strategies used by R.T. Jones to manage client accounts will perform as anticipated.
- Investment Company Risk. As noted above, R.T. Jones invests client accounts in mutual funds and, for certain accounts through E\*TRADE, ETFs. Client accounts invested in mutual funds and ETFs (*i.e.*, investment companies) will indirectly bear the fees and expenses payable directly by the investment company. Therefore, the client will incur fees associated with the management of the company—which are in addition to R.T. Jones' own management fees—resulting in an increase in fees payable by the client. Investments in investment companies are subject to the same risks as the underlying securities (including those described elsewhere in this section) in addition to management risk. Investment company returns fluctuate and are subject to market volatility. In addition, the value of a client's investment in an investment company will depend on the skill of the investment company's adviser, and will be subject to risks arising from the investment practices of the investment company. ETFs are subject to additional risks, including the risk that the market price of the shares of the ETF are above or below its net asset value.

## **Item 9 – Disciplinary Information**

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

On September 22, 2015, an Order Instituting Administrative and Cease-and-Desist Proceedings was entered against R.T. Jones by the SEC. The Order found that R.T. Jones failed to adopt written policies and procedures reasonably designed to protect customer records and information, in violation of Rule 30(a) of Regulation S-P. In July 2013, R.T. Jones' web server was attacked by an intruder who gained access to the data on the server, and as a result of the attack, the personal information of R.T. Jones' clients was rendered vulnerable to theft. To date, R.T. Jones has not learned of any information indicating that a client has suffered any financial harm as a result of the cyber-attack. R.T. Jones was ordered to pay a civil money penalty to the SEC. To mitigate future risk of cyber threats, R.T. Jones has appointed an information security manager and has adopted and implemented a written information security policy, among other measures.

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

R.T. Jones at times conducts outreach events (including through social media) with financial advisers, and mutual fund companies at times contribute to the costs of these events. R.T. Jones also at times contributes to outreach events hosted by mutual fund companies with financial advisers. Mutual fund companies may also assist R.T. Jones in targeting financial advisers for outreach events. These arrangements may be deemed to create a conflict of interest with respect to R.T. Jones's selection and recommendation of mutual funds to clients.

R.T. Jones has discretion to provide account management services, free of charge, to employees of OneAmerica. This courtesy management service may create a conflict of interest as these employees may be incentivized to recommend Artesys management account products and services.

R.T. Jones serves as subadviser to a series of R.T. Jones Collective Investment Trust. Alta Trust Company serves as trustee and custodian of R.T. Jones Collective Investment Trust.

## **Item 11 – Code of Ethics**

R.T. Jones has adopted a Code of Ethics for all of its supervised persons describing its high standard of business conduct and fiduciary duty to its clients. The Code of Ethics and R.T. Jones' related policies and procedures include a prohibition on insider trading, provisions requiring all of R.T. Jones' supervised persons to comply with applicable federal securities laws, provisions requiring R.T. Jones' supervised persons to report their personal securities transactions and provisions requiring R.T. Jones' supervised persons to promptly report any violations of its Code of Ethics. All supervised persons must also acknowledge the terms of the Code of Ethics. A copy of R.T. Jones' Code of Ethics is available for review by clients and prospective clients upon written request.

R.T. Jones primarily uses mutual funds in managing client accounts, which are exempted from R.T. Jones' Code of Ethics reporting requirements. However, from time to time R.T. Jones personnel

may purchase, sell or hold other securities for their own accounts that are also held or have been or will be purchased or sold for the accounts of R.T. Jones' clients. This presents a conflict of interest by creating opportunities for R.T. Jones personnel to potentially take advantage of clients by, for example, trading ahead of a substantial pending client trade. R.T. Jones' Code of Ethics specifically prohibits its advisory personnel from taking advantage of clients in their personal trading activities. Any person who violates our Code of Ethics is subject to sanctions, which vary depending on the severity of the violation and the person's record of compliance.

## **Item 12 – Brokerage Practices**

### OneAmerica Platform Clients

Client accounts that R.T. Jones manages through OneAmerica are limited to investing in mutual funds available through the client's plan. R.T. Jones has no discretion or ability to select a broker-dealer to execute mutual fund transactions for these accounts.

### E\*TRADE Platform Clients

R.T. Jones has no discretion or ability to select a broker-dealer to execute mutual fund transactions for client accounts held through E\*TRADE.

For transactions in ETFs, however, R.T. Jones has discretion to select among the small number of broker-dealers that are available to use through the E\*TRADE platform. R.T. Jones considers a number of factors in determining which broker-dealer available through the E\*TRADE platform represents best execution for client ETF transactions, which may include:

- R.T. Jones' experience with the broker-dealer;
- The broker-dealer's reputation, financial strength and stability;
- The broker-dealer's efficiency and promptness of execution and settlement;
- Commission rates and any other transaction costs; and
- Block trading and positioning capabilities.

As a general policy, R.T. Jones will execute ETF transactions for E\*TRADE accounts on an aggregated basis for each Artesys model, with each client account in the model receiving the same price.



## **Item 13 – Review of Accounts**

### **PERIODIC REVIEWS**

R.T. Jones informally reviews each model on a periodic basis to ensure that each model continues to conform to the respective investment strategy. With respect to individual client accounts, accounts are reviewed on at least a quarterly basis by the Investment Committee responsible for the account. More frequent reviews may be triggered by unusual market activity or upon client request. The models are rebalanced quarterly and reviewed annually for further rebalancing. Accounts for non-Direct Clients will not be reviewed, formally or informally, by R.T. Jones. All reviews will be performed by R.T. Jones' Chief Investment Officer or the lead portfolio manager.

### **REGULAR REPORTS**

R.T. Jones makes available quarterly performance reports to its clients. Unless prohibited by the third-party investment advisory professional, and provided R.T. Jones has the correct client email address, clients will receive via email a quarterly narrated/animated video covering economic overview, performances, and investment education.

Clients will receive a written statement at least quarterly from the custodian or record-keeper detailing the account holdings and transactions during the statement period.

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

R.T. Jones has entered into an agreement to compensate a firm for referring clients to R.T. Jones. The firm that solicits the client account will receive a percentage of the fee rate charged by R.T. Jones for managing the account. The soliciting firm's fee is in addition to the advisory fee charged by R.T. Jones. The receipt of additional compensation, in the form of referral fees paid by R.T. Jones, to the firm and/or its sales personnel creates a conflict of interest that may impair their objectivity in recommending R.T. Jones by incentivizing them to refer clients to R.T. Jones versus another investment adviser that does not provide payments for solicitation. Potential conflicts of interest and fees and expenses are disclosed to referred clients in writing.

## **Item 15 – Custody**

R.T. Jones does not take custody of client assets at any time. Clients will generally receive statements no less than quarterly from the custodian or record-keeper that holds and maintains the client's investment assets. The custodian(s) R.T. Jones does business with will send clients independent account statements listing clients' account balance(s), transaction history and any fee debits or other fees taken out of clients' accounts. R.T. Jones urges you to carefully review such statements and compare these to any reports that R.T. Jones may provide to you.

### **Item 16 – Investment Discretion**

R.T. Jones has ongoing and continuous discretionary authority, pursuant to its written investment management services agreements with clients, to determine, without obtaining specific client consent, the securities to be bought or sold, the amount of the securities to be bought or sold, and the amount of commissions or mark ups or mark downs paid. Clients have the ability to direct which models that their assets are invested in, and, as described more fully in Item 4, may impose reasonable restrictions on the investment of their account. Client's typically grant R.T. Jones discretionary authority in their investment management agreement with R.T. Jones.

### **Item 17 – Voting Client Securities**

R.T. Jones does not have and will not accept the authority to vote client securities on behalf of its advisory clients. Clients will receive proxies directly from the issuer of the security or the custodian or the Plan's Recordkeeper. Clients should direct all proxy questions to the issuer of the security.

### **Item 18 – Financial Information**

R.T. Jones does not require or solicit prepayment of advisory fees six months or more in advance.

R.T. Jones does not have any financial commitments that is likely to impair our current or future ability to meet our contractual commitments to clients and we have not been the subject of a bankruptcy proceeding at any time during the past ten years.