



JACOBI CAPITAL MANAGEMENT LLC

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CRD # 147663

March 31, 2021

**Form ADV, Part 2A;** This Disclosure Brochure, as required by the Investment Advisers Act of 1940, is a very important document between Clients (“you”, “your”) and Jacobi Capital Management LLC (“us”, “we”, “our”, “JCM”, “Adviser”).

***This brochure provides information about the qualifications and business practices of Jacobi Capital Management LLC. If you have any questions about the contents of this brochure, please contact us at (570) 826-1801. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any State Securities Authority.***

***Additional information about Jacobi Capital Management LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) (click on the link, select “investment adviser firm” and type in our firm name). Results will provide you both Part 1 and 2 of our Form ADV.***

We are a Registered Investment Adviser with the Securities and Exchange Commission. Our registration as an Investment Adviser does not imply any level of skill or training. The oral and written communications we provide to you, including this Brochure, is information you use to evaluate us (and other advisers) and are factors in your decision to hire us or to continue to maintain a mutually beneficial relationship.

## Item 2 -Material Changes

Below is a summary of material changes since the last annual filing of our Form ADV Part 2 or “Disclosure Brochure” dated May 2020:

Item 5 This section now contains additional information regarding Mutual Fund Fees in Wrap Accounts.

Item 18 This section now contains a minor clarification as it relates to a loan we received under the Payroll Protection Program.

We may, at any time, update this Disclosure Brochure and either send you an updated copy including a summary of material changes or a summary of material changes that includes an offer to send you a hard copy form via US mail.

If you would like another copy of this Disclosure Brochure, please download it from the SEC Website as indicated above or you may contact our Chief Compliance Officer, April Vinciarelli, at (570) 826-1801 or [avinciarelli@jacobicapital.com](mailto:avinciarelli@jacobicapital.com).

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## **Item 4 -Advisory Business**

### *Firm Background*

Jacobi Capital Management LLC was granted registration with the Securities and Exchange Commission on August 7, 2008 as an Investment Adviser under Section 203(c) of the Investment Adviser Act of 1940. Michael J. Hirthler is the sole owner and Chief Investment Officer. Jacobi Capital Management, LLC also conducts business under the name Jacobi Wealth Advisors. Use of the term “JCM” in this document refers to both Jacobi Capital Management, LLC, and its d/b/a Jacobi Wealth Advisors.

### *Jacobi Capital Management LLC Advisory Services Offered*

JCM primarily provides investment advisory services to its clients. This advice is provided on a limited discretionary basis. Investment advisory services include, among other things, providing advice regarding asset allocation and the selection of investments. Investment types advised upon or utilized may be equity securities, which are listed on various exchanges or traded over the counter or from foreign issuers, warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, mutual fund shares offered by investment companies, United States government securities and options contracts on listed securities.

Our investment advice relies upon the principals of fundamental security analysis. We use various sources for information which may include but are not limited to financial newspapers and magazines, reviewing corporate activities through annual reports, prospectuses and filings with the Securities and Exchange Commission, company press releases, corporate rating services and research materials prepared by others. Our investment advice is given with regard to long term time horizons, but may include both short term (under 12 months) and long term (over 12 months) holding periods for purchases, short sales, transactions which may utilize margin borrowing and option writing consisting of covered call option, cash secured put options, or spread strategies.

Investment advice and account management is guided by the stated objectives of the client. In addition, JCM considers the client’s risk profile and financial status prior to making any recommendations or transactions. A client profile considers their goals and objectives with regard to time horizon, performance expectations, income needs, liquidity requirements, tax considerations and current investments. This helps determine the construction of their portfolio and assists in ascertaining suitability.

We also offer financial planning, consulting, and plan update services. These services may include, among other things, non-securities advice on topics that include, but are not limited to, business, retirement, estate, budgetary, college, personal and business tax planning.

JCM continually monitors and manages the client’s accounts by consulting with the client periodically to determine whether any data in the client’s profile needs to be updated and whether any changes should be made to the client’s investment Playbook, risk tolerance or other factors pertaining to the continued suitability of the investments made for the client.

Jacobi Capital Management, LLC A Registered Investment Adviser

Clients are also encouraged to contact JCM promptly to notify of any changes to the information previously provided or any other changes in the client's financial circumstances or investment goals. In addition, the client should feel free to contact JCM with any questions they have about their accounts.

While accounts may utilize the same investment models, each account is managed on an individualized basis. Further restrictions and guidelines imposed by the client affect the composition and performance of the portfolio. For these reasons, performance of portfolios with the same stated investment objective may differ and clients should not expect that the performance of their portfolios will be identical with an average client of JCM.

### Third-Party Sponsored Services Offered

JCM may offer clients various types of programs sponsored by a third-party. All third-party investment advisers to whom the Adviser may refer clients will be licensed as Investment Advisers by their resident state and any applicable jurisdictions or Registered Investment Advisers with the Securities and Exchange Commission. After gathering information about a client's financial situation and investment objectives, JCM will assist the client in selecting a particular third-party program.

Typically, JCM will provide these advisory services through certain programs sponsored by LPL Financial ("LPL"), a registered investment advisor and broker-dealer. Below is a brief description of each LPL advisory program available to JCM.

#### Manager Access Select Program (MAS)

Manager Access Select provides clients access to the investment advisory services of professional portfolio management firms for the individual management of client accounts. JCM will assist client in identifying a third-party portfolio manager ("Portfolio Manager") from a list of Portfolio Managers made available by LPL. The Portfolio Manager manages client's assets on a discretionary basis. JCM will provide initial and ongoing assistance regarding the Portfolio Manager Selection process.

#### Manager Access Network Program (MAN)

Manager Access Network provides clients access to the investment advisory services of professional portfolio management firms for the individual management of client accounts. JCM will assist client in identifying a third-party portfolio manager ("Portfolio Manager") from a list of Portfolio Managers made available by LPL. The Portfolio Manager manages client's assets on a discretionary basis. JCM will provide initial and ongoing assistance regarding the Portfolio Manager Selection process.

#### Model Wealth Portfolios (MWP)

Model Wealth Portfolios provides clients access to the investment advisory services of professional portfolio management firms for the individual management of client accounts. JCM will assist client in identifying a third-party portfolio manager ("Portfolio Strategist") from a list of made available by LPL. The Strategist manages client's assets on a discretionary basis utilizing mutual funds and Exchange Traded Products models. JCM will provide initial and ongoing assistance regarding the Portfolio Strategist selection process.

Assets Under Management

As of year-end, December 31, 2020, total discretionary assets under management for JCM were \$1,014,584,430 consisting of 3881 accounts.

## Item 5 - Fees and Compensation

### Jacobi Capital Management LLC Advisory Services Offered

Our Investment Advisory Services are offered for an annual fee, based on a percentage of the assets under management. The annual fee is negotiable.

The billing of management fees will be dependent on the custodian utilized for the client accounts. For clients who custody assets through LPL Financial, management fees are billed and paid in advance of the quarter and come due on the first day of the calendar quarter of the stated billing cycle based on an account's asset value as of the last business day of the prior quarter. Management fees will be prorated for accounts opened in the course of the quarter, with consideration for any deposits or withdrawals in the course of the quarter given at the time of the next billing date. For clients who custody assets through TD Ameritrade Institutional (TDAI), management fees are billed and paid in advance of the month and come due on the first day of the calendar month of the stated billing cycle based on an account's average daily balance of the prior month. Management fees will be prorated for accounts opened in the course of the month, with consideration for any deposits or withdrawals in the course of the month given at the time of the next billing date.

Our annualized fees are as follows:

Annualized Fees		
<u>From</u>	<u>To</u>	<u>Per Year</u>
\$100,000	\$1,000,000	Fees up to 1.5%
\$1,000,001	\$5,000,000	Fees up to 1.25%
Over \$5,000,000		Fees up to 1.00%

As indicated in our advisory agreement with you, two options are available to you to pay for our services. You must opt out of direct debiting by executing the appropriate paperwork. Direct debiting will be the default payment arrangement:

1. Direct debiting (preferred):
  - a. LPL Financial (LPL) Accounts: at the inception of the relationship and each quarter thereafter, our custodian LPL Financial will calculate the amount of the fee due and payable to us. The custodian bases its calculation on the account assets as described above and the executed account application on which the fee is stated. They will "deduct" the fee from the applicable account(s).

Each month, you will receive a statement directly from LPL showing all transactions, positions and credits / debits into or from your account; the statements after the applicable quarterly billing cycle end will reflect these transactions, including the advisory fee paid by you to us.
  - b. TD Ameritrade Institutional (TDAI) Accounts: at the inception of the relationship and each month thereafter, our firm will calculate the amount of the fee due and payable to us. We base the calculation on the account assets as described above

and the executed account agreement on which the fee is stated. We will then instruct TDAI to “deduct” the fee from the applicable account(s).

Each month, you will receive a statement directly from TDAI showing all transactions, positions and credits / debits into or from your account; the statements after the applicable monthly billing cycle end will reflect these transactions, including the advisory fee paid by you to us.

2. Pay-by-check: At the inception of the account and each billing period thereafter, we issue you an invoice for our services and you pay us by check or wire transfer within 15 days of the date of the invoice. You must complete the necessary paperwork to use this option.

An advisory client will have a period of five (5) business days from the date of signing the investment management agreement to unconditionally rescind the agreement and receive a full refund of all fees paid. Thereafter, either party may terminate the agreement with 30 days written notice. Any accounts closed within the billing period will receive a refund of any billed and un-used fees.

#### Jacobi Capital Management LLC Financial Planning and Consulting Services Offered

JCM charges a fixed fee or a minimum hourly fee of \$250 for financial planning and consulting services. Fixed fees generally range from \$1,000 to \$5,000 based on the range and complexity of the services being provided. All fees are negotiable and are due and payable upon completion of the plan and services. Depending on the services provided, fees may exceed this general range.

Clients will have a period of five (5) business days from the date of signing an agreement to unconditionally rescind the agreement and receive a full refund of all fees paid. Thereafter, clients may terminate at any time an agreement by providing the Adviser with written notice prior to delivery of the plan or completion of the service. The Adviser may terminate at any time an agreement by providing written notice to clients. Upon termination, fees will be prorated to the date of termination and any unearned portion of the fee will not be charged to the client.

#### Third-Party Sponsored Services Offered

JCM receives compensation as part of a client agreement with a third-party program, typically sponsored through LPL Financial. Any compensation received by JCM will be referenced in the Investment Advisory Agreement executed by JCM and the client. Fees applicable to the third-parties involved will be pursuant to agreements with the third-parties, as part of any account opening documents.

Third-party compensation is disclosed to the client in a separate disclosure document and is typically equal to a percentage of the investment advisory fee charged by that third-party.

For more information regarding the LPL programs, including more information on the advisory services and fees that apply, the types of investments available in the programs and the



potential conflicts of interest presented by the programs, please see LPL Financial's Form ADV Part 2 or the applicable program's Wrap Brochure and the applicable client agreement.

The account fee charged to the client for each LPL advisory program is negotiable and payable quarterly in advance.

LPL serves as program sponsor, investment advisor and broker-dealer for the LPL advisory programs.

#### Mutual Fund Fees in Wrap Accounts

As described throughout this Brochure, JCM has a significant relationship with LPL. This relationship includes access to wrap fee programs offered through the LPL Platform by third party money managers. In a wrap fee program, the money manager does not pass along transaction fees incurred when the program rebalances positions or otherwise makes purchases or sales of mutual funds. Because the Manager absorbs these transaction costs, they have an incentive to recommend or select "no-transaction fee mutual funds" ("NTF Funds"). Mutual funds, including NTF funds, have their own internal charges, including management fees, distribution and/or 12b-1 fees, and other expenses. These fees are detailed in the mutual fund prospectuses.

Most NTF funds have transaction-fee alternatives that result in higher expense ratios. IARs that are also registered representatives of LPL are limited to selecting wrap accounts that have been previously approved by LPL and may contain NTF funds, thus resulting in a higher cost to owning the fund compared to lower share class funds. Similar to seeking best execution, the determining factor we used in choosing to partner with LPL is not always the lowest possible cost, but whether the relationship represents the best platform through which to provide the majority of our advisory services. To make this determination, we take into consideration the full range of a LPL's services, including among others, the ability of our IARs to offer brokerage services as registered representatives, their fees (both to us and to our clients), their financial wherewithal, their custodial services, and their responsiveness. Accordingly, although JCM seeks to offer the most cost effective solutions for our clients, LPL may not necessarily offer the lowest cost mutual fund share classes in all instances. LPL selects certain mutual fund product offerings because the share class pays LPL compensation for the administrative and recordkeeping services LPL provides to the mutual fund, and which we believe is passed along to us in the execution of their services to us. You should understand that another custodian may offer the same, or similar, mutual fund products at a lower overall cost.

In addition, we have certain IARs who do manage wrap accounts on other custodial platforms, but that also utilize NTF funds. In both instances, this causes a potential conflict of interest because NTF funds typically are not the lowest share class available from the fund family. Notwithstanding this conflict, the Firm believes this arrangement does not interfere with its provision of advice to clients because of its practices and controls. JCM's IARs and supervisors review client accounts to ensure they are consistent with the clients' stated needs, objectives, and financial situation. While we believe that removing the cost to implement trades is

important and helpful to our management of client assets and to clients' overall performance, you need to understand the added cost to your portfolio. You should review both the fees charged by the funds and our fees to fully understand the total amount of fees you are paying and, thereby, to evaluate the advisory services being provided. We are happy to explain these products and any associated conflicts in detail.

#### Additional Fees & Expenses

LPL Financial and TD Ameritrade Institutional serve as custodian of client assets for investment advisory clients. As custodians, they may charge fees in addition to and separate from the stated investment advisory fee. These fees are paid solely to the custodian and JCM does not share or profit from the collection of these fees. They may include but are not limited to: brokerage commission, transaction fees, exchange fees, SEC fees, wire transfer and electronic processing fees. These fees may be higher or lower than those charged by other custodians.

In addition, some mutual fund assets deposited, held, or purchased in your investment advisory account may be subject to deferred sales charges and/or 12b-1 fees and other mutual fund expenses as described, particularly in their respective prospectus. Fund families offer various share classes for investment. Use of a higher expense ratio share class is mitigated as IARs seek alternative holdings with similar advantages for each client. At times, a lower cost share class is not available or sufficient for the specific circumstances of any individual client, and therefore may result in a higher annual expense ratio to proceed with the intended mutual fund holding.

After engaging JCM for financial planning services, a client may elect to implement recommendations made in a financial plan with JCM. In doing so, the client may incur transaction costs, retirement plan administration fees and other mutual fund expenses. These fees are not part of any stated financial planning fee paid to JCM.

Transactions in LPL advisory program accounts are generally effected through LPL Financial as the executing broker-dealer. JCM receives compensation as a result of a client's participation in an LPL program. Depending on, among other things, the size of the account, changes in its value over time, the ability to negotiate fees or commissions, and the number of transactions, the amount of compensation may be more or less than what JCM would receive if the client participated in other programs, whether through LPL or another sponsor, or paid separately for investment advice, brokerage services and other services.

Finally, JCM is a "fee only" Investment Adviser. Investment Adviser Representatives ("IARs") of JCM may be licensed as Registered Representatives of LPL Financial, a registered broker-dealer, member FINRA and a Registered Investment Adviser. IARs may also have business activities outside of their primary business with JCM. Please see Item 10 for a discussion of any potential conflicts of interests with regard to the different types of compensation an associated person may receive. Additionally, please see Form ADV Part 2B for disclosures particular to each specific associated person.

## **Item 6 -Performance-Based Fees and Side-By-Side Management**

We do not charge advisory fees on a share of the capital appreciation of the funds or securities in a client account (so-called performance-based fees). Our advisory fee compensation is charged only as disclosed above (Fees & Compensation).

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

We provide our investment advisory and financial planning and consulting services to individuals (including high net worth individuals), pensions and retirement plans, trusts, estates, charitable organizations, corporations or other business entities and state or municipal government entities.

JCM requires a minimum of \$100,000 to establish a new advisory account; however, the minimum may be waived at the sole discretion of the Adviser. In addition, JCM may continue to service existing accounts that have values that are below the minimum. Accounts are generally not subject to a minimum fee per year. If an account falls below \$100, no further fees will be charged.

The minimum account size for the Manager Access Select and Manager Access Network programs is \$100,000 for equity strategies and \$250,000 for fixed income strategies. The minimum account size for Model Wealth Portfolios is \$10,000. Third-Party Advisers may require a minimum account size based in the product selected, details of which will be provided in each of the third-party advisers' Form ADV Part 2.

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

### Risk of Loss

All investments in securities include a risk of loss of your principal (invested amount) and any profits that have not been realized (the securities were not sold to “lock in” the profit). As you know, stock markets and bond markets fluctuate substantially over time. In addition, as recent global and domestic economic events have indicated, performance of any investment is not guaranteed. As a result, there is a risk of loss of the assets we manage that may be out of our control. We will do our very best in the management of your assets; however, we cannot guarantee any level of performance or that you will not experience a loss of your account assets.

There are inherent risks involved for each investment strategy or method of analysis JCM uses and the particular type of security JCM recommends. Investing in securities involves risk of loss which clients should be prepared to bear.

### Analysis

We implement a process using a fusion analysis. This multi-disciplinary approach has roots in Charles Munger’s speech on Worldly Wisdom in 1994. In our approach, we fuse models together from the fields of finance, engineering, psychology, and history. Further, our risk analysis is a review of blending together four important metrics: Valuation, Monetary Policy, Sentiment and Expectations.

We believe our educational process, which uses a series of probing questions, can help our clients understand what could possibly prevent them from achieving the best possible outcomes. To discuss the best possible outcomes, one also needs to understand how the four metrics mentioned above provide the basis to gauge probable outcomes. Valuation, monetary policy, sentiment, and expectations give us a measure of the current observable conditions. When you identify the historical range of outcomes from accurate long-term studies showing comparable conditions, you will notice that the starting point matters! You must quantify risk to give yourself a chance at achieving the best possible outcomes.

With each client we construct an “investment playbook” which outlines their investment allocations and how we carry out these allocations. A client’s stated objectives and risk tolerance lead to a plan and a firm discipline guiding the management of the client’s portfolio. Regular updates and re-allocation of our clients’ investments are made based on our market views and investment research.

### Investment Strategies

The primary objective of our investment analysis and portfolio construction is to achieve risk-adjusted returns in excess of the stated benchmarks over market cycles. We utilize various portfolios in our management of client assets. With most accounts, the following portfolios will be implemented as part of the client “investment playbook”.

### **Tactical Portfolios**

Our Tactical Portfolios typically are based on Jacobi's in-house research and proprietary models, as well as acquired, independent research sources. We tactically allocate our client's investments into various index investments based on market cap sectors, industry sectors, geography and asset classes based on the qualitative data produced by our research.

We utilize various research sources for these portfolios via online access, hard copy paper content, as well as computer software and databases to perform our analysis. We utilize low-cost ETFs and index mutual funds to execute these strategies. Tactical allocation may involve more frequent buying and selling of assets and may generate higher transaction costs. Investors should consider the tax consequences of moving positions more frequently.

### **Opportunistic Portfolios**

Within our Opportunistic Portfolios, we seek to acquire individual stocks and other securities with relatively low expectations which are selling at reasonable prices. These pricing inefficiencies create opportunities to buy these companies and other securities at discounts to their intrinsic value, based on our estimates of future cash flows. We have found the market is efficient over the long term and will eventually close the gaps between current market prices and real business value.

Most importantly our multi-disciplinary process values sound decision making. Long-term outcomes are the proper measurement of success, not short-term movements in either direction.

The majority of our purchases are intended to be owned for long term periods. That does not, however, disqualify us from selling and realizing a short-term gain or loss. Therefore, there may be tax consequences as a result of participating in our equity selection models. We may purchase ETFs as a proxy for any particular sector or asset classes. The utilization of covered call option or cash secured put option contracts may also occur. When selling covered calls, there is a risk the underlying position may be called away at a price lower than the current market price. There are numerous reasons this may occur- deep in the money calls have been sold, the strike price of the call sold is a fair valuation of the underlying holding (based on our analysis), etc. When selling a put option contract, we secure the option with a cash holding. If the underlying position is assigned, it may be trading lower than the assigned price.

Under normal conditions we will limit your exposure to any particular company to 3-5% of your portfolio value. Also, we will cap any industry exposure at 15% maximum as a risk management tool.

### **Complementary Portfolios**

A complementary portfolio should represent a small portion of the client's total portfolio and should aim to be long-term in nature. The investments we select for a client's Complementary Portfolio exposure provide a diversified mix of buy-and-hold positions and blue-chip stocks,

designed to weather a variety of market cycles. We often apply a dollar cost averaging strategy to hedge against investment timing risk. The allocation within this portfolio is constant and long-term in nature. We do not remove or replace investments based on strong or weak short-term performance. Stocks acquired are typically large cap companies with a national reputation for quality, reliability and the ability to operate profitably in good times and bad (a.k.a. “Blue Chips”), who also have a demonstrated history of paying attractive, consistent and increasing dividends

There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk. Dollar Cost Averaging involves continuous investment in securities regardless of fluctuation in price levels of such securities. An investor should consider their ability to continue purchasing through fluctuating price levels. Such a plan does not assure a profit and does not protect against loss in declining markets.

## **Item 9 -Disciplinary Information**

There is no Disciplinary Information to disclosure.



## Item 10 -Other Financial Industry Activities and Affiliations

Neither JCM nor any of our management persons are registered, or have an application to register as a broker-dealer, futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.

In addition, neither JCM nor any of our management persons have any relationships or arrangement that is material to its advisory business or to our clients that JCM or any of our management persons have with any related person that is a:

- Broker-dealer, municipal securities dealer, or government securities dealer or broker,
- Investment company,
- Other investment adviser or financial planner,
- Futures commission merchant (or commodity pool operator or commodity trading advisor),
- Banking or thrift institution,
- Accountant or accounting firm,
- Lawyer or law firm,
- Insurance company or agency,
- Pension consultant,
- Real estate broker or dealer or
- Sponsor or syndicator of limited partnerships.

However, associated persons of JCM may be licensed as Registered Representatives of LPL Financial, a registered broker-dealer, member FINRA and a Registered Investment Adviser. In these capacities, associated persons of JCM may recommend securities, advice, or other products and receive compensation if products are purchased through LPL Financial. Thus, a conflict of interest exists between the interests of associated persons and the interests of our clients. However, clients are under no obligation to act upon any recommendations of the associated persons or effect any transactions through the associated persons if they decide to follow the recommendations.

Certain associated persons of JCM are also licensed, as an outside business activity, to sell insurance products through various companies. These individuals may receive compensation for the sale of such products. Clients are under no obligation to purchase insurance products through them and are free to choose the sources through which to implement advice.

## **Item 11 -Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

As required by regulation and because it's a prudent practice, we have adopted a Code of Ethics that governs a number of potential conflicts of interest we have when providing our advisory services to you. This Code of Ethics is designed to ensure we meet our fiduciary obligation to you, our Client (or Prospective Client) and to drive home a culture of compliance within our firm. An additional benefit of our Code is to detect and prevent violations of securities laws, including our obligations we owe to you.

Our Code is comprehensive, is distributed to each employee at the time of hire, and annually thereafter (if there are changes). We also supplement the Code with on-going monitoring of employee activity and updates on current regulatory issues.

Our Code includes the following:

- Requirements related to the confidentiality of your personal information;
- Statements related to the reasonable inquiry into a client or prospective client's suitability for any investment, as well as notice for the use of full disclosure and due diligence in making investment recommendations to you;
- Prohibitions on insider trading (if we are in possession of material, non-public information);
- Reporting of gifts (both given and received) and business entertainment;
- Pre-clearance of employee and firm transactions;
- Reporting (on an on-going and quarterly basis) all personal securities transactions (what we call "reportable securities" as mandated by regulation); and,
- On an annual basis, we require all employees to re-certify to our Code, identify members of their household and any account to which they have a beneficial ownership (they "own" the account or have "authority" over the account).

We will provide a copy of the Code to any client or prospective client upon request. In the event that you request a copy of JCM's Code of Ethics, we will furnish a copy within a reasonable period of time to you at the current address of record.

We do not, nor does a related person recommend to you, buys or sells for your accounts, of securities in which we (or a related person) have a material financial interest.

Our Code does not prohibit personal trading by employees (or our firm). As you may imagine, as a professional Investment Adviser, we follow our own advice. As a result, we may purchase or sell the same or similar securities (or securities that are suitable for an employee or related account but not suitable for any client, including you) at the same time that we place transactions for your account and the accounts of our other Clients. Associated persons seek to ensure that they do not personally benefit from the short-term market effects of their recommendations to clients and their personal transactions are regularly monitored. In

instances where the representative buys or sells the same securities as those of their clients, the client's accounts are given priority. Records will be maintained of all securities bought or sold by JCM, associated persons or related entities. Such records will be available for inspection upon request.

Files of securities transactions for associated persons of JCM will be maintained for review should there be a conflict of interest. The principal and/or CCO of JCM will review all securities transactions of our related persons to ensure no conflicts exist with client executions. To prevent conflicts of interest, all employees of JCM must comply with the firm's written supervisory procedures, which impose restrictions on the purchase or sale of securities for their own accounts and the accounts of certain affiliated persons.

We do not execute transactions on a principal or agency cross basis.

## Item 12 -Brokerage Practices

Some of our associated persons, in their capacities as Registered Representative of LPL, may suggest that you implement recommendations through LPL. LPL is a broker-dealer and an investment adviser with which our IARs are licensed as Registered Representatives. Although you are under no obligation to implement recommendations through the registered representatives, as a result of the individual registrations of our IARs with LPL, JCM may utilize the brokerage/ custodial services of LPL for investment advisory accounts.

Factors which JCM considers in recommending LPL to clients include their respective financial strength, reputation, execution, pricing, research, and service. However, because of JCM's relationship with LPL, all securities transactions are processed through LPL. Consequently, JCM cannot assure best execution of those securities transactions. In seeking best execution, the determining factor is not always the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including among others, the execution capability, commission rates, and responsiveness. Accordingly, although JCM will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for the client's account transactions. Additionally, this would represent a conflict of interest to the extent that associated persons of JCM could receive commissions for effecting securities transactions through LPL in addition to the compensation they receive as IARs of JCM.

Alternatively, some of our associated person may suggest you implement recommendations through TD Ameritrade Institutional, as JCM also participates in the institutional advisor program (the "Program") offered by TD Ameritrade Institutional (TDAI). TDAI is a division of TD Ameritrade Inc., member FINRA/SIPC ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. TDAI offers to independent investment advisors services which include custody of securities, trade execution, clearance, and settlement of transactions. JCM receives some benefits from TDAI through its participation in the Program.

As disclosed above, JCM participates in TDAI's customer program and may recommend TDAI to clients for custody and brokerage services. There is no direct link between JCM's participation in the program and the investment advice it gives to its clients, although JCM receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving JCM participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to JCM by third-party vendors. TDAI may also have paid for

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business consulting and professional services received by JCM's related persons. Some of the products and services made available by TDAI through the program may benefit JCM but may not benefit its client accounts. These products or services may assist Advisor in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TDAI are intended to help JCM manage and further develop its business enterprise. The benefits received by JCM or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, JCM endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by JCM or its related persons in and of itself creates a potential conflict of interest and may indirectly influence JCM's choice of TDAI for custody and brokerage services.

While JCM maintains to achieve that the commissions paid by our clients shall comply with our duty to obtain best execution, a client may pay commissions that are higher than another broker-dealer might charge to effect the same transactions.

#### Research and Other Soft Dollar Benefits

We do not have any soft dollar arrangements.

#### Brokerage for Client Referrals

In selecting or recommending a broker-dealer, we do not consider, whether we or a related person receive client referrals from a broker-dealer or third-party.

#### Directed Brokerage

By virtue of our hybrid status with LPL Financial, those associated persons also registered with LPL Financial as Registered Representatives have selected and require sole use of LPL Financial as the broker for all advisory transactions. Transaction charges discussed above (Fees & Compensation) may be charged and vary. Lower fees for comparable services may be available from other sources.

Associated persons not registered with LPL Financial as Registered Representatives may select from either LPL or TDAI as the broker for all advisory transactions.

#### Block Trading

In placing its orders to purchase or sell securities in accounts, principals of the firm may elect to aggregate orders. In doing so, the firm will not aggregate transactions unless aggregation is consistent with its duty to seek best execution. No advisory client will be favored over any other client; each client that participates in an aggregated order will participate at the average share price for the transaction. Prior to the entry of any aggregated order, the JCM will prepare a written accounting (allocation statement) specifying the participating client accounts and how it intends to allocate the order among those clients.

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

All associated persons may perform reviews of all investment advisory accounts no less than quarterly. Accounts are reviewed for consistency with the stated investment objective and for adherence to the allocated investment models, among other things. Reviews may be triggered by changes in an account holder's personal, tax, or financial status. Macroeconomic and company specific events may also trigger reviews. There is currently no limit on the number of accounts that can be reviewed by any, one associated person. Typically, it is the responsibility of the assigned associated person to review accounts. A sampling of accounts is also reviewed regularly by the Chief Compliance Officer. This review focuses on various items, including ongoing management and trading activity and fees.

Clients will receive monthly account statements from LPL or TDAI if there is activity within the statement period. At a minimum, quarterly account statements will be provided by LPL or TDAI. Quarterly performance summaries will also be provided by LPL. Both report types are sent directly to the account owner, at the address of record. These reports list the account positions, activity in the account within the statement period and other related information. Clients are also sent confirmation statements following each transaction (with the exception of systematic investments made via dollar cost averaging) by LPL or TDAI.

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

We compensate non-employee persons (“solicitors”) for client referrals. Such referral arrangements must comply with the SEC’s “Cash Solicitations” Rule (Rule 206(4)-3) which requires that we enter into a written agreement with the solicitor that describes the nature and terms of the relationship between the solicitor and JCM. Clients and/or potential clients who are referred by the solicitor are required to be provided a current copy of JCM’s disclosure brochure and a separate written disclosure document that describes the nature of the relationship between the solicitor and JCM, and the compensation arrangement. This SEC Rule also provides that solicitors will not be compensated for client referrals unless the solicitor is registered as an investment adviser or investment adviser representative to the extent required under federal laws and the laws of the states in which the referred client resides. The solicitor will be compensated with a portion of the annual advisory fee collected by JCM from each client that was referred by the solicitor to JCM. This referral fee ranges from 20% to 30% of the fee paid to JCM by the client. We do not charge solicited clients advisory fees greater than those charged to new JCM clients with similar portfolios managed by JCM who were not introduced by the solicitor.

We do not engage in any programs or receive any cash or economic benefit (including commissions, equipment, or non-research services) from a non-client in connection with giving advice to clients.

Refer to Items 5, 10 and 12 above for details of our compensation structure as well as any other compensation our IARs may receive in their capacities as registered representatives of LPL and as licensed insurance agents.

## **Item 15 -Custody**

Jacobi Capital Management LLC does not take custody of client funds or securities; however, JCM may be granted authority, upon written consent from the client, to deduct the advisory fees directly from client's account. The custodian will send to you, at least quarterly, an account statement identifying the amount of funds and each security in the account at the end of the period and setting forth all transactions in the account during that period including the amount of advisory fees paid directly to us. LPL Financial, a qualified and independent custodian is used for this purpose.



## **Item 16 -Investment Discretion**

Under the direction of our client agreement, we may use discretionary authority to select the type, amount, and price of securities to be bought or sold without specific client consent. If a client elects to revoke this discretion, they must provide notice in writing to the associated person and the Chief Compliance Officer.

## **Item 17 -Voting Client Securities (i.e., Proxy Voting)**

Jacobi Capital Management LLC does not have, nor will we accept authorization to vote client securities. Clients will receive their proxies or other solicitations directly from their custodian or transfer agent. Clients should contact their custodian or a transfer agent with questions about a particular solicitation. Clients maintain exclusive responsibilities for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the clients investment assets.

Clients will receive all copies of proxies and shareholder communications directly from LPL or TDAI, as custodian.

## **Item 18 -Financial Information**

JCM has no financial condition that is reasonably likely to impair its ability to meet contractual commitments to its clients given that JCM does not have custody of client funds or securities, nor requires or solicits prepayment of fees greater than \$1,200 per client and six months or more in advance. In addition, JCM is not currently, nor at any time in the past ten years been, subject of a bankruptcy petition.

However, there are several financial programs available to small businesses like ours to help us navigate the COVID-19 pandemic. One program is the Paycheck Protection Program (PPP) established by the U.S. Small Business Administration. We have applied for and received funding from this program. Though it is currently not the case, it is important to note that the circumstances leading us to seek this loan, the uncertainty of the pandemic and the sharp market volatility, resulted in an anticipation that we may need the funds to support our ongoing operations. We currently are able to meet our financial obligations and continue to service your accounts to the best of our abilities. While not anticipated, we will notify you and explain the steps we intend to take to address them should our financial condition change.



JACOBI CAPITAL MANAGEMENT LLC

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CRD # 147663

March 31, 2021

**Form ADV, Part 2A, Appendix 1;** This Wrap Fee Program Brochure, as required by the Investment Advisers Act of 1940, is a very important document between Clients (“you”, “your”) and Jacobi Capital Management LLC (“us”, “we”, “our”, “JCM”, “Adviser”).

*This brochure provides information about the qualifications and business practices of Jacobi Capital Management LLC. If you have any questions about the contents of this brochure, please contact us at (570) 826-1801. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any State Securities Authority.*

*Additional information about Jacobi Capital Management LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) (click on the link, select “investment adviser firm” and type in our firm name). Results will provide you both Part 1 and 2 of our Form ADV.*

We are a Registered Investment Adviser with the Securities and Exchange Commission. Our registration as an Investment Adviser does not imply any level of skill or training. The oral and written communications we provide to you, including this Brochure, is information you use to evaluate us (and other advisers) and are factors in your decision to hire us or to continue to maintain a mutually beneficial relationship.

Jacobi Capital Management, LLC A Registered Investment Adviser

Form ADV Part 2A, Appendix 1  
Wrap Fee Brochure

## Item 2 -Material Changes

Below is a summary of material changes since the last annual filing of our Form ADV Part 2A or “Disclosure Brochure” and Appendix 1 dated May 2020:

Item 5 This section now contains additional information regarding Mutual Fund Fees in Wrap Accounts.

Item 15 This section now contains a minor clarification as it relates to a loan we received under the Payroll Protection Program.

We may, at any time, update this Disclosure Brochure and either send you an updated copy including a summary of material changes or a summary of material changes that includes an offer to send you a hard copy form via US mail.

If you would like another copy of this Brochure, please download it from the SEC Website as indicated above or you may contact our Chief Compliance Officer, April Vinciarelli, at (570) 826-1801 or [avinciarelli@jacobicapital.com](mailto:avinciarelli@jacobicapital.com).

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## **Item 4 -Advisory Business- Wrap Fee Program Related**

### *Firm Background*

Jacobi Capital Management LLC was granted registration with the Securities and Exchange Commission on August 7, 2008 as an Investment Adviser under Section 203(c) of the Investment Adviser Act of 1940. Michael J. Hirthler is the sole owner and Chief Investment Officer. Jacobi Capital Management, LLC also conducts business under the name Jacobi Wealth Advisors. Use of the term “JCM” in this document refers to both Jacobi Capital Management, LLC, and its d/b/a Jacobi Wealth Advisors.

### *Jacobi Capital Management LLC Advisory Services Offered*

JCM primarily provides investment advisory services to its clients. This is partially offered through a Wrap Fee Program which is administered through its clearing broker-dealer, LPL Financial and TDAI. JCM is the sponsor of the Wrap Fee Program.

The Wrap Fee Program is designed to assist clients, both individuals and institutions (such as pensions and retirement plans, trusts, estates, charitable organizations, corporations or other business entities and state or municipal government entities) in clarifying their investment needs and to obtain asset management for a single “wrap” fee, on a limited discretionary basis.

The Wrap Fee Program includes advice and management guidance geared toward the stated objectives of the client. In addition, JCM considers the client’s risk profile and financial status prior to making any recommendations or transactions. A client profile considers their goals and objectives with regard to time horizon, performance expectations, income needs, liquidity requirements, tax considerations and current investments. This helps determine the construction of their portfolio and assists in ascertaining suitability.

Investment types advised upon or utilized may be equity securities, which are listed on various exchanges or traded over the counter or from foreign issuers, warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, mutual fund shares offered by investment companies, United States government securities and options contracts on listed securities.

JCM continually monitors the client’s accounts by consulting with the client periodically to determine whether any data in the client’s profile needs to be updated and whether any changes should be made to the client’s investments, risk tolerance or other factors pertaining to the continued suitability of the investments made for the client. Clients are also encouraged to contact JCM promptly to notify of any changes to the information previously provided or any other changes in the client’s financial circumstances or investment goals. In additions, the client should feel free to contact JCM with any questions they have about their accounts.

While accounts may utilize the same investment models, each account is managed on an individualized basis. Further restrictions and guidelines imposed by the client affect the

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composition and performance of the portfolio. For these reasons, performance of portfolios with the same stated investment objective may differ and clients should not expect that the performance of their portfolios will be identical with an average client of JCM.

#### Third-Party Sponsored Services Offered

JCM may offer clients various types of programs sponsored by a third-party. All third-party investment advisers to whom the Adviser may refer clients will be licensed as Investment Advisers by their resident state and any applicable jurisdictions or Registered Investment Advisers with the Securities and Exchange Commission. After gathering information about a client's financial situation and investment objectives, JCM will assist the client in selecting a particular third-party program.

Typically, JCM will provide these advisory services through certain programs sponsored by LPL Financial ("LPL"), a registered investment advisor and broker-dealer. Below is a brief description of each LPL advisory program available to JCM.

#### Manager Access Select Program (MAS)

Manager Access Select provides clients access to the investment advisory services of professional portfolio management firms for the individual management of client accounts. JCM will assist client in identifying a third-party portfolio manager ("Portfolio Manager") from a list of Portfolio Managers made available by LPL. The Portfolio Manager manages client's assets on a discretionary basis. JCM will provide initial and ongoing assistance regarding the Portfolio Manager Selection process.

#### Manager Access Network Program (MAN)

Manager Access Network provides clients access to the investment advisory services of professional portfolio management firms for the individual management of client accounts. JCM will assist client in identifying a third-party portfolio manager ("Portfolio Manager") from a list of Portfolio Managers made available by LPL. The Portfolio Manager manages client's assets on a discretionary basis. JCM will provide initial and ongoing assistance regarding the Portfolio Manager Selection process.

#### Model Wealth Portfolios (MWP)

Model Wealth Portfolios provides clients access to the investment advisory services of professional portfolio management firms for the individual management of client accounts. JCM will assist client in identifying a third-party portfolio manager ("Portfolio Strategist") from a list of made available by LPL. The Strategist manages client's assets on a discretionary basis utilizing mutual funds and Exchange Traded Products models. JCM will provide initial and ongoing assistance regarding the Portfolio Strategist selection process.



## Item 5 - Fees and Compensation

### Jacobi Capital Management LLC Advisory Services Offered

Our Investment Advisory Services are offered for an annual fee, based on a percentage of the assets under management. The annual fee is negotiable.

The billing of management fees will be dependent on the custodian utilized for the client accounts. For clients who custody assets through LPL Financial, management fees are billed and paid in advance of the quarter and come due on the first day of the calendar quarter of the stated billing cycle based on an account's asset value as of the last business day of the prior quarter. Management fees will be prorated for accounts opened in the course of the quarter, with consideration for any deposits or withdrawals in the course of the quarter given at the time of the next billing date. For clients who custody assets through TD Ameritrade Institutional (TDAI), management fees are billed and paid in advance of the month and come due on the first day of the calendar month of the stated billing cycle based on an account's average daily balance of the prior month. Management fees will be prorated for accounts opened in the course of the month, with consideration for any deposits or withdrawals in the course of the month given at the time of the next billing date.

Our annualized fees are as follows:

Annualized Fees		
<u>From</u>	<u>To</u>	<u>Per Year</u>
\$100,000	\$1,000,000	Fees up to 1.5%
\$1,000,001	\$5,000,000	Fees up to 1.25%
Over \$5,000,000		Fees up to 1.00%

As indicated in our advisory agreement with you, two options are available to you to pay for our services. You must opt out of direct debiting by executing the appropriate paperwork. Direct debiting will be the default payment arrangement:

1. Direct debiting (preferred):
  - a. LPL Financial (LPL) Accounts: at the inception of the relationship and each quarter thereafter, our custodian LPL Financial will calculate the amount of the fee due and payable to us. The custodian bases its calculation on the account assets as described above and the executed account application on which the fee is stated. They will "deduct" the fee from the applicable account(s).

Each month, you will receive a statement directly from LPL showing all transactions, positions and credits / debits into or from your account; the statements after the applicable quarterly billing cycle end will reflect these transactions, including the advisory fee paid by you to us.
  - b. TD Ameritrade Institutional (TDAI) Accounts: at the inception of the relationship and each month thereafter, our firm will calculate the amount of the fee due and payable to us. We base the calculation on the account assets as described above

and the executed account agreement on which the fee is stated. We will then instruct TDAI to “deduct” the fee from the applicable account(s).

Each month, you will receive a statement directly from TDAI showing all transactions, positions and credits / debits into or from your account; the statements after the applicable monthly billing cycle end will reflect these transactions, including the advisory fee paid by you to us.

2. Pay-by-check: At the inception of the account and each billing period thereafter, we issue you an invoice for our services and you pay us by check or wire transfer within 15 days of the date of the invoice. You must complete the necessary paperwork to use this option.

An advisory client will have a period of five (5) business days from the date of signing the investment management agreement to unconditionally rescind the agreement and receive a full refund of all fees paid. Thereafter, either party may terminate the agreement with 30 days written notice. Any accounts closed within the billing period will receive a refund of any billed and un-used fees.

#### Third-Party Sponsored Services Offered

JCM receives compensation as part of a client agreement with a third-party program, typically sponsored through LPL Financial. Any compensation received by JCM will be referenced in the Investment Advisory Agreement executed by JCM and the client. Fees applicable to the third-parties involved will be pursuant to agreements with the third-parties, as part of any account opening documents.

Third-party compensation is disclosed to the client in a separate disclosure document and is typically equal to a percentage of the investment advisory fee charged by that third-party.

For more information regarding the LPL programs, including more information on the advisory services and fees that apply, the types of investments available in the programs and the potential conflicts of interest presented by the programs please, see LPL Financial’s Form ADV Part 2 or the applicable program’s Wrap Brochure and the applicable client agreement.

The account fee charged to the client for each LPL advisory program is negotiable and payable quarterly in advance.

LPL serves as program sponsor, investment advisor and broker-dealer for the LPL advisory programs.

#### Mutual Fund Fees in Wrap Accounts

As described throughout this Brochure, JCM has a significant relationship with LPL. This relationship includes access to wrap fee programs offered through the LPL Platform by third party money managers. In a wrap fee program, the money manager does not pass along transaction fees incurred when the program rebalances positions or otherwise makes

purchases or sales of mutual funds. Because the Manager absorbs these transaction costs, they have an incentive to recommend or select “no-transaction fee mutual funds” (“NTF Funds”). Mutual funds, including NTF funds, have their own internal charges, including management fees, distribution and/or 12b-1 fees, and other expenses. These fees are detailed in the mutual fund prospectuses.

Most NTF funds have transaction-fee alternatives that result in higher expense ratios. IARs that are also registered representatives of LPL are limited to selecting wrap accounts that have been previously approved by LPL and may contain NTF funds, thus resulting in a higher cost to owning the fund compared to lower share class funds. Similar to seeking best execution, the determining factor we used in choosing to partner with LPL is not always the lowest possible cost, but whether the relationship represents the best platform through which to provide the majority of our advisory services. To make this determination, we take into consideration the full range of a LPL’s services, including among others, the ability of our IARs to offer brokerage services as registered representatives, their fees (both to us and to our clients), their financial wherewithal, their custodial services, and their responsiveness. Accordingly, although JCM seeks to offer the most cost effective solutions for our clients, LPL may not necessarily offer the lowest cost mutual fund share classes in all instances. LPL selects certain mutual fund product offerings because the share class pays LPL compensation for the administrative and recordkeeping services LPL provides to the mutual fund, and which we believe is passed along to us in the execution of their services to us. You should understand that another custodian may offer the same, or similar, mutual fund products at a lower overall cost.

In addition, we have certain IARs who do manage wrap accounts on other custodial platforms, but that also utilize NTF funds. In both instances, this causes a potential conflict of interest because NTF funds typically are not the lowest share class available from the fund family. Notwithstanding this conflict, the Firm believes this arrangement does not interfere with its provision of advice to clients because of its practices and controls. JCM’s IARs and supervisors review client accounts to ensure they are consistent with the clients’ stated needs, objectives, and financial situation. While we believe that removing the cost to implement trades is important and helpful to our management of client assets and to clients’ overall performance, you need to understand the added cost to your portfolio. You should review both the fees charged by the funds and our fees to fully understand the total amount of fees you are paying and, thereby, to evaluate the advisory services being provided. We are happy to explain these products and any associated conflicts in detail.

#### *Additional Fees & Expenses*

The Wrap Fee encompasses all transaction related costs associated with the execution of the transactions. Under the Wrap Fee Program, the client will pay a single fee, based on the amount of the assets under management, for investment advice and all transactions for the client. The Wrap Fee does not cover incidental fees. LPL Financial or TD Ameritrade Institutional serve as custodian of client assets for investment advisory clients. As custodian, they may charge fees in addition to and separate from the stated investment advisory fee.

These fees are paid solely to the custodian and JCM does not share or profit from the collection of these fees. They may include but are not limited to wire transfer and electronic processing fees. These fees may be higher or lower than those charged by other custodians.

In addition, some mutual fund assets deposited, held or purchased in your investment advisory account may be subject to deferred sales charges and/or 12b-1 fees and other mutual fund expenses as described particularly in their respective prospectus. Fund families offer various share classes for investment. Use of a higher expense ratio share class is mitigated as IARs seek alternative holdings with similar advantages for each client. At times, a lower cost share class is not available or sufficient for the specific circumstances of any individual client, and therefore may result in a higher annual expense ratio to proceed with the intended mutual fund holding.

Transaction in LPL advisory program accounts are generally effected through LPL Financial as the executing broker-dealer. JCM receives compensation as a result of a client's participation in an LPL program. Depending on, among other things, the size of the account, changes in its value over time, the ability to negotiate fees or commissions, and the number of transactions, the amount of compensation may be more or less than what JCM would receive if the client participated in other programs, whether through LPL or another sponsor, or paid separately for investment advice, brokerage services and other services.

Finally, JCM is a "fee only" Investment Adviser. Investment Adviser Representatives ("IARs") of JCM may be licensed as Registered Representatives of LPL Financial, a registered broker-dealer, member FINRA and a Registered Investment Adviser. IARs may also have business activities outside of their primary business with JCM. Please see Item 10 for a discussion of any potential conflicts of interests with regard to the different types of compensation an associated person may receive. Additionally, please see Form ADV Part 2B for disclosures particular to each specific associated person.

## **Item 6 -Types of Clients**

We provide our investment advisory to individuals (including high net worth individuals), pensions and retirement plans, trusts, estates, charitable organizations, corporations or other business entities and state or municipal government entities.

JCM requires a minimum of \$100,000 to establish a new Wrap Fee Program account; however, the minimum may be waived at the sole discretion of the Adviser. In addition, JCM may continue to service existing accounts that have values that are below the minimum. Accounts are not generally subject to a minimum fee per year. If an account falls below \$100, no further fees will be charged.

The minimum account size for the Manager Access Select and Manager Access Network programs is \$100,000 for equity strategies and \$250,000 for fixed income strategies. Third-Party Advisers may require a minimum account size based on the product selected, details of which will be provided in each of the third-party advisers Form ADV Part 2/Wrap Fee Program Brochure.

## **Item 7 -Selection of Managers/ Evaluation & Review of Accounts**

### *Selection of Managers*

After clarifying client investment needs and reviewing suitability, an asset manager is selected from the approved options provided through LPL Financial. While LPL Financial provides due diligence and independent, unbiased research on recommended managers, JCM is responsible for the ultimate selection of the portfolio manager. Our selection is based on quantitative and qualitative analysis. We choose managers who strictly adhere to their investment process. Past Performance is not the sole factor in selecting managers. Rather, we would be reviewing the potential for future participation in their asset class returns. Typically, when selecting an outside manager, JCM has ascertained the client has a higher level of investment sophistication. This program is not suitable for all investors. Further information is available on LPL's due diligence process upon request.

Jacobi Capital Management LLC and its associated persons do not act as a portfolio manager on MAS, MAN or MWP accounts. They can act as a manager through the SWM II Platform with LPL Financial, or via accounts opened with TDAI.

### *Evaluation & Review of Accounts*

All associated persons may perform reviews of all investment advisory accounts no less than quarterly. Accounts are reviewed for consistency with the stated investment objective and for adherence to the allocated investment models, among other things. Reviews may be triggered by changes in an account holder's personal, tax, or financial status. Macroeconomic and company specific events may also trigger reviews. There is currently no limit on the number of accounts that can be reviewed by any, one associated person. Typically, it is the responsibility of the assigned associated person to review accounts. A sampling of accounts is also reviewed regularly by the Chief Compliance Officer. This review focuses on various items, including ongoing management and trading activity and fees.

Clients will receive monthly account statements from LPL or TDAI if there is activity within the statement period. At a minimum, quarterly account statements will be provided by LPL or TDAI. Quarterly performance summaries will also be provided by LPL. Both report types are sent directly to the account owner, at the address of record. These reports list the account positions, activity in the account within the statement period and other related information. Clients are also sent confirmation statements following each transaction by LPL or TDAI.

## **Item 8 -Communication with Selected Managers**

Selected managers receive a copy of the initial account application (client profile). The selected manager does have the option to determine independently whether to accept the client account based on the content of the application, suitability, and whatever other factors they deem appropriate.

JCM continually monitors the client's accounts by consulting with the client periodically to determine whether any data in the client's profile needs to be updated and whether any changes should be made to the client's risk tolerance or other factors pertaining to the continued suitability of the manager selection made for the client. Clients are also encouraged to contact JCM promptly to notify of any changes to the information previously provided or any other changes in the client's financial circumstances or investment goals. In addition, the client should feel free to contact JCM with any questions they have about their accounts. JCM will convey all pertinent information to the selected manager.

## **Item 9 -Client Contact with Selected Managers**

While clients may communicate any pertinent information directly to the selected manager, it is encouraged and request you provide this information directly to JCM so that we may update our records and also convey that information to the selected manager.



## **Item 10 -Disciplinary Information**

There is no Disciplinary Information to disclosure.

## Item 11- Other Financial Industry Activities and Affiliations

Neither JCM nor any of our management persons are registered, or have an application to register as a broker-dealer, futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.

In addition, neither JCM nor any of our management persons have any relationships or arrangement that is material to its advisory business or to our clients that JCM or any of our management persons have with any related person that is a:

- Broker-dealer, municipal securities dealer, or government securities dealer or broker,
- Investment company,
- Other investment adviser or financial planner,
- Futures commission merchant (or commodity pool operator or commodity trading advisor),
- Banking or thrift institution,
- Accountant or accounting firm,
- Lawyer or law firm,
- Insurance company or agency,
- Pension consultant,
- Real estate broker or dealer or
- Sponsor or syndicator of limited partnerships.

However, associated persons of JCM may be licensed as Registered Representatives of LPL Financial, a registered broker-dealer, member FINRA and a Registered Investment Adviser. In these capacities, associated persons of JCM may recommend securities, advice, or other products and receive compensation if products are purchased through LPL Financial. Thus, a conflict of interest exists between the interests of associated persons and the interests of our clients. However, clients are under no obligation to act upon any recommendations of the associated persons or effect any transactions through the associated persons if they decide to follow the recommendations.

Certain associated persons of JCM are also licensed, as an outside business activity, to sell insurance products through various companies. These individuals may receive compensation for the sale of such products. Clients are under no obligation to purchase insurance products through them and are free to choose the sources through which to implement advice.

## Item 12 -Code of Ethics

As required by regulation and because it's a prudent practice, we have adopted a Code of Ethics that governs a number of potential conflicts of interest we have when providing our advisory services to you. This Code of Ethics is designed to ensure we meet our fiduciary obligation to you, our Client (or Prospective Client) and to drive home a culture of compliance within our firm. An additional benefit of our Code is to detect and prevent violations of securities laws, including our obligations we owe to you.

Our Code is comprehensive, is distributed to each employee at the time of hire, and annually thereafter (if there are changes). We also supplement the Code with on-going monitoring of employee activity and updates on current regulatory issues.

Our Code includes the following:

- Requirements related to the confidentiality of your personal information;
- Statements related to the reasonable inquiry into a client or prospective client's suitability for any investment, as well as notice for the use of full disclosure and due diligence in making investment recommendations to you;
- Prohibitions on insider trading (if we are in possession of material, non-public information);
- Reporting of gifts (both given and received) and business entertainment;
- Pre-clearance of employee and firm transactions;
- Reporting (on an on-going and quarterly basis) all personal securities transactions (what we call "reportable securities" as mandated by regulation); and,
- On an annual basis, we require all employees to re-certify to our Code, identify members of their household and any account to which they have a beneficial ownership (they "own" the account or have "authority" over the account).

We will provide a copy of the Code to any client or prospective client upon request. In the event that you request a copy of JCM's Code of Ethics, we will furnish a copy within a reasonable period of time to you at the current address of record.

We do not nor a related person recommends to you, or buys or sells for your accounts, securities in which we (or a related person) have a material financial interest.

Our Code does not prohibit personal trading by employees (or our firm). As you may imagine, as a professional Investment Adviser, we follow our own advice. As a result, we may purchase or sell the same or similar securities (or securities that are suitable for an employee or related account but not suitable for any client, including you) at the same time that we place transactions for your account and the accounts of our other Clients. Associated persons seek to ensure that they do not personally benefit from the short-term market effects of their recommendations to clients and their personal transactions are regularly monitored. In instances where the representative buys or sells the same securities as those of their clients,

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the client's accounts are given priority. Records will be maintained of all securities bought or sold by JCM, associated persons or related entities. Such records will be available for inspection upon request.

Files of securities transactions for associated persons of JCM will be maintained for review should there be a conflict of interest. The principal and/or CCO of JCM will review all securities transactions of our related persons to ensure no conflicts exist with client executions. To prevent conflicts of interest, all employees of JCM must comply with the firm's written supervisory procedures, which impose restrictions on the purchase or sale of securities for their own accounts and the accounts of certain affiliated persons.

We do not execute transactions on a principal or agency cross basis.

## **Item 13 -Client Referrals and Other Compensation**

We compensate non-employee persons (“solicitors”) for client referrals. Such referral arrangements must comply with the SEC’s “Cash Solicitations” Rule (Rule 206(4)-3) which requires that we enter into a written agreement with the solicitor that describes the nature and terms of the relationship between the solicitor and JCM. Clients and/or potential clients who are referred by the solicitor are required to be provided a current copy of JCM’s disclosure brochure and a separate written disclosure document that describes the nature of the relationship between the solicitor and JCM, and the compensation arrangement. This SEC Rule also provides that solicitors will not be compensated for client referrals unless the solicitor is registered as an investment adviser or investment adviser representative to the extent required under federal laws and the laws of the states in which the referred client resides. The solicitor will be compensated with a portion of the annual advisory fee collected by JCM from each client that was referred by the solicitor to JCM. This referral fee ranges from 20% to 30% of the fee paid to JCM by the client. We do not charge solicited clients advisory fees greater than those charged to new JCM clients with similar portfolios managed by JCM who were not introduced by the solicitor.

We do not engage in any programs or receive any cash or economic benefit (including commissions, equipment, or non-research services) from a non-client in connection with giving advice to clients.

Refer to Items 5 and 11 above for details of our compensation structure as well as any other compensation our IARs may receive in their capacities as registered representatives of LPL and as licensed insurance agents.

## **Item 14 – Voting Client Securities (i.e., Proxy Voting)**

Jacobi Capital Management LLC does not have, nor will we accept authorization to vote client securities. Clients will receive their proxies or other solicitations directly from their custodian or transfer agent. Clients should contact their custodian or a transfer agent with questions about a particular solicitation. Clients maintain exclusive responsibilities for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the clients investment assets.

Clients will receive all copies of proxies and shareholder communications directly from LPL as custodian.

## **Item 15 -Financial Information**

JCM has no financial condition that is reasonably likely to impair its ability to meet contractual commitments to its clients given that JCM does not have custody of client funds or securities, or requires or solicits prepayment of fees greater than \$1,200 per client and six months or more in advance. In addition, JCM is not currently, nor at any time in the past ten years been, subject of a bankruptcy petition.

However, there are several financial programs available to small businesses like ours to help us navigate the COVID-19 pandemic. One program is the Paycheck Protection Program (PPP) established by the U.S. Small Business Administration. We have applied for and received funding from this program. Though it is currently not the case, it is important to note that the circumstances leading us to seek this loan, the uncertainty of the pandemic and the sharp market volatility, resulted in an anticipation that we may need the funds to support our ongoing operations. We currently are able to meet our financial obligations and continue to service your accounts to the best of our abilities. While not anticipated, we will notify you and explain the steps we intend to take to address them should our financial condition change.