

# Fleischer & Johnson Wealth Management, Inc. Wrap Fee Program Brochure

*This wrap fee program brochure provides information about the qualifications and business practices of Fleischer & Johnson Wealth Management, Inc.. If you have any questions about the contents of this brochure, please contact us at (701) 355-9160 or by email at: [erik@fandjwm.com](mailto:erik@fandjwm.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.*

*Additional information about Fleischer & Johnson Wealth Management, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Fleischer & Johnson Wealth Management, Inc.'s CRD number is:316194.*

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

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## Item 2: Material Changes

The material changes in this this Wrap Fee Program Brochure from the last annual updating amendment of Fleischer & Johnson Wealth Management, Inc on February 10, 2022 are described below. This list summarizes changes to policies, practices or conflicts of interests concerning this Wrap Fee Program Brochure only.

- The firm has added written acknowledgement of fiduciary status language. (Item 4)
- The firm has updated its fee schedule. (Item 4)

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## Item 4: Services, Fees and Compensation

### A. Description of the Advisory Firm

Fleischer & Johnson Wealth Management, Inc. (hereinafter "FJWM, Inc") provides portfolio management to clients under this wrap fee program as sponsor and portfolio manager.

Total Assets Under Management	Maximum Annual Fee
All Assets	1.00%

These fees are generally negotiable and the final fee schedule will be memorialized in the client's advisory agreement.

Portfolio management fees are withdrawn directly from the client's accounts with client's written authorization on a quarterly basis.

Fees are paid in advance or arrears. FJWM, Inc uses the value of the account as of the last business day of the billing period, after taking into account deposits and withdrawals, for purposes of determining the market value of the assets upon which the advisory fee is based for fees billed in advance. FJWM, Inc use the balance in the client's account on the last day of the billing period is used to determine the market value of the assets upon which the advisory fee is based for fees billed in arrears.

Refunds are given on a prorated basis, based on the number of days remaining in the billing period on the effective date of termination. The fee refunded will be the balance of the fees collected in advance minus the daily rate\* times the number of days in the billing period up to and including the effective date of termination. (\*The daily rate is calculated by dividing the annual fee by 365).

Clients may terminate the agreement without penalty, for full refund of FJWM, Inc's fees, within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the Investment Advisory Contract generally with 30 days written notice.

#### *Written Acknowledgement of Fiduciary Status*

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

## **B. Contribution Cost Factors**

The program may cost the client more or less than purchasing such services separately. There are several factors that bear upon the relative cost of the program, including the trading activity in the client's account, the adviser's ability to aggregate trades, and the cost of the services if provided separately (which in turn depends on the prices and specific services offered by different providers).

## **C. Additional Fees**

FJWM, Inc will wrap third party fees (i.e., custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.) for wrap fee portfolio management accounts. FJWM, Inc will charge clients one fee, and pay all transaction fees using the fee collected from the client. Accounts participating in the wrap fee program are not charged higher advisory fees based on trading activity, but clients should be aware that FJWM, Inc has an incentive to limit trading activities for those accounts since the firm absorbs those transaction costs.

Certain other fees are not included in the wrap fee and are paid for separately by the client. These include, but are not limited to, margin costs, charges imposed directly by a mutual fund or exchange traded fund, fees associated with "step out" transactions if the account uses different custodians or broker-dealers, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

## **D. Compensation of Client Participation**

Neither FJWM, Inc, nor any representatives of FJWM, Inc receive any additional compensation beyond advisory fees for the participation of client's in the wrap fee program. However, compensation received may be more than what would have been received if client paid separately for investment advice, brokerage, and other services. Therefore, FJWM, Inc may have a financial incentive to recommend the wrap fee program to clients.

## Item 5: Account Requirements and Types of Clients

FJWM, Inc generally offers advisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals

There is no account minimum.

## Item 6: Portfolio Manager Selection and Evaluation

### A. Selecting/Reviewing Portfolio Managers

FJWM, Inc will not select outside portfolio managers for management of this wrap fee program. FJWM, Inc will be the sole portfolio manager for this wrap fee program.

FJWM, Inc will use industry standards to calculate portfolio manager performance.

FJWM, Inc reviews the performance information to determine and verify its accuracy and compliance with presentation standards. The performance information is annually and is reviewed by FJWM, Inc.

### B. Related Persons

FJWM, Inc and its personnel serve as the portfolio managers for all wrap fee program accounts. This is a conflict of interest in that no outside adviser assesses FJWM, Inc's management of the wrap fee program. However, FJWM, Inc addresses this conflict by acting in its clients' best interest consistent with its fiduciary duty as sponsor and portfolio manager of the wrap fee program.

### C. Advisory Business

FJWM, Inc offers ongoing wrap fee portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. FJWM, Inc creates an Investment Policy Statement for each client, which outlines the client's current situation (income, tax levels, and risk tolerance levels). Portfolio management services include, but are not limited to, the following:

- Determine investment strategy
- Asset allocation
- Assessment of risk tolerance
- Personal investment policy
- Asset selection
- Regular portfolio monitoring

FJWM, Inc evaluates the current investments of each client with respect to their risk tolerance levels and time horizon.

FJWM, Inc will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction.

Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

Portfolio management accounts participating in the wrap fee program will not have to pay for transaction or trading fees. FJWM, Inc will charge clients one fee, and pay transaction fees using the advisory fee collected from the client. Certain other fees are not included in the wrap fee and are paid for separately by the client. These include, but are not limited to, margin costs, charges imposed directly by a mutual fund or exchange traded fund, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

Accounts participating in the wrap fee program are not charged higher advisory fees based on trading activity, but clients should be aware that FJWM, Inc has an incentive to limit trading activities for those accounts since the firm absorbs those transaction costs. To address this conflict, FJWM, Inc will always act in the best interest of its clients consistent with its fiduciary duty as an investment adviser.

### ***Services Limited to Specific Types of Investments***

FJWM, Inc generally limits its investment advice to mutual funds, equities, fixed income securities, ETFs, ETFs in the gold and precious metal sectors, real estate funds, REITs, non-U.S. securities, and insurance products including annuities. FJWM, Inc may use other securities as well to help diversify a portfolio when applicable.

### ***Client Tailored Services and Client Imposed Restrictions***

FJWM, Inc offers the same suite of services to all of its clients. However, specific client investment strategies and their implementation are dependent upon the client's current situation (income, tax levels, and risk tolerance levels). Clients are not permitted to impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs.

### ***Wrap Fee Programs***

As discussed herein, FJWM, Inc sponsors and acts as portfolio manager for this wrap fee program. FJWM, Inc manages the investments in the wrap fee program, but does not manage those wrap fee accounts any differently than it would manage non-wrap fee accounts. The fees paid to the wrap account program will be given to FJWM, Inc as a management fee.

## *Amounts Under Management*

FJWM, Inc has the following assets under management:

<b>Discretionary Amounts:</b>	<b>Non-Discretionary Amounts:</b>	<b>Date Calculated:</b>
\$ 78,483,635.00	\$ 0.00	December 2022

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

FJWM, Inc does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

Clients paying a performance-based fee should be aware that investment advisers have an incentive to invest in riskier investments when paid a performance-based fee due to the higher risk/higher reward attributes.

## *Methods of Analysis and Investment Strategies*

### Methods of Analysis

FJWM, Inc's methods of analysis include modern portfolio theory.

**Modern portfolio theory** is a theory of investment that attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, each by carefully choosing the proportions of various assets.

### Investment Strategies

FJWM, Inc uses/recommends long term investing.

*Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.*

## *Material Risks Involved*

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### Methods of Analysis

**Modern portfolio theory** assumes that investors are risk averse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio



exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists which has better expected returns.

### **Investment Strategies**

**Long term investing** is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

*Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.*

### ***Risks of Specific Securities Utilized***

**Equity** investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.

**Fixed income** investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.

**Exchange Traded Funds (ETFs):** An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance. Because ETFs use "authorized participants" (APs) as agents to facilitate creations or redemptions (primary market), there is a risk that an AP decides to no longer participate for a particular ETF; however, that risk is mitigated by the fact that other APs can step in to fill the vacancy of the withdrawing AP [an ETF typically has multiple APs] and ETF transactions predominantly take place in the secondary market without need for an AP. Like other liquid securities, ETF pricing changes throughout the trading day and there can be no guarantee that an ETF is purchased at the optimal time in terms of market movements. Moreover, due to

market fluctuations, ETF brokerage costs, differing demand and characteristics of underlying securities, and other factors, the price of an ETF can be lower than the aggregate market price of its cash and component individual securities (net asset value – NAV). An ETF is subject to the same market risks as those of its underlying individual securities, and also has internal expenses that can lower investment returns.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond “fixed income” nature (lower risk) or stock “equity” nature.

**Precious Metal ETFs** (e.g., Gold, Silver, or Palladium Bullion backed “electronic shares” not physical metal) specifically may be negatively impacted by several unique factors, among them (1) large sales by the official sector which own a significant portion of aggregate world holdings in gold and other precious metals, (2) a significant increase in hedging activities by producers of gold or other precious metals, (3) a significant change in the attitude of speculators and investors.

**Real Estate** exposure (including REITs) entails several kinds of risk that are inherent in the real estate sector, which historically has experienced significant fluctuations and cycles in performance. Specifically, revenues and cash flows may be adversely affected by: changes in local real estate market conditions due to changes in national or local economic conditions or changes in local property market characteristics; competition from other properties offering the same or similar services; changes in interest rates and in the state of the debt and equity credit markets; the ongoing need for capital improvements; changes in real estate tax rates and other operating expenses; adverse changes in governmental rules and fiscal policies; adverse changes in zoning laws; the impact of present or future environmental legislation and compliance with environmental laws.

**Annuities** are retirement products for those who may have the ability to pay a premium now and want to guarantee they receive certain payments or a return on investment in the future. Annuities are contracts issued by a life insurance company designed to meet requirement or other long-term goals. An annuity is not a life insurance policy. Variable annuities are designed to be long-term investments, to meet retirement and other long-range goals. Variable annuities are not suitable for meeting short-term goals because substantial taxes and insurance company charges may apply if you withdraw your money early. Variable annuities also involve investment risks, just as mutual funds do.

**Non-U.S. securities** present certain risks such as currency fluctuation, political and economic change, social unrest, changes in government regulation, differences in accounting and the lesser degree of accurate public information available.

*Past performance is not indicative of future results. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.*

### *Voting Client Securities (Proxy Voting)*

FJWM, Inc will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

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

All client information material to managing the portfolio (including basic information, risk tolerance, sophistication level, and income level) is provided to the portfolio manager. The portfolio manager will also have access to that information as it changes and is updated.

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

FJWM, Inc does not restrict clients from contacting portfolio managers. FJWM, Inc's representatives can be contacted during regular business hours using the information on the Form ADV Part 2B cover page.

## **Item 9: Additional Information**

### **A. Disciplinary Action and Other Financial Industry Activities**

#### *Criminal or Civil Actions*

There are no criminal or civil actions to report.

#### *Administrative Proceedings*

There are no administrative proceedings to report.

#### *Self-Regulatory Organization (SRO) Proceedings*

There are no self-regulatory organization proceedings to report.

#### *Registration as a Broker/Dealer or Broker/Dealer Representative*

Neither FJWM nor its representatives are registered as or have pending applications to become a broker/dealer or as representatives of a broker/dealer.

## ***Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor***

Neither FJWM, Inc nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

## ***Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests***

Erik Andrew Johnson is an independent licensed insurance agent, and from time to time, will offer clients advice or products from those activities. Clients should be aware that these services pay a commission or other compensation and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. FJWM, Inc always acts in the best interest of the client; including the sale of commissionable products to advisory clients. Clients are in no way required to utilize the services of any representative of FJWM, Inc in connection with such individual's activities outside of FJWM, Inc.

## ***Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections***

FJWM, Inc does not select third-party investment advisers.

## **B. Code of Ethics, Client Referrals, and Financial Information**

### ***Code of Ethics***

FJWM, Inc has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. FJWM, Inc's Code of Ethics is available free upon request to any client or prospective client.

### ***Recommendations Involving Material Financial Interests***

FJWM, Inc does not recommend that clients buy or sell any security in which FJWM, Inc or a related person has a material financial interest.

### ***Investing Personal Money in the Same Securities as Clients***

Representatives of FJWM, Inc may buy or sell securities for themselves that they also

recommend to clients. This may provide an opportunity for representatives of FJWM, Inc to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. FJWM, Inc will always document any transactions that could be construed as conflicts of interest and will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

### ***Trading Securities At/Around the Same Time as Clients' Securities***

Representatives of FJWM, Inc may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of FJWM, Inc to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest; however, FJWM, Inc will never engage in trading that operates to the client's disadvantage if representatives of FJWM, Inc buy or sell securities at or around the same time as clients.

### ***Frequency and Nature of Periodic Reviews***

Accounts are reviewed at least annually by Erik A Johnson, Managing Member & Chief Compliance Officer, with regard to clients' respective investment policies and risk tolerance levels.

### ***Factors That Will Trigger a Non-Periodic Review of Client Accounts***

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

### ***Content and Frequency of Regular Reports Provided to Clients***

Each client will receive a quarterly account statement from the custodian.

### ***Economic Benefits Provided by Third Parties for Advice Rendered to Clients***

FJWM, Inc does not receive any economic benefit, directly or indirectly from any third party for advice rendered to FJWM, Inc clients.

Marc Fleischer has been invited to attend a Due Diligence meeting for Eventide, one of the biblically responsible investment companies he uses. The event will allow Marc Fleischer to meet the portfolio managers and leadership team for the Eventide Funds. Marc currently uses Eventide funds, along with several other BRI families. This meeting will give Marc a deeper understanding of the Eventide family of funds and how they can be used to better serve his clients

### ***Compensation to Non – Advisory Personnel for Client Referrals***

FJWM, Inc does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

### ***Balance Sheet***

FJWM, Inc neither requires nor solicits prepayment of fees and therefore is not required to include a balance sheet with this brochure.

### ***Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients***

FJWM, Inc does not have any financial condition that would impair its ability to meet contractual commitments to clients.

### ***Bankruptcy Petitions in Previous Ten Years***

FJWM, Inc has not been the subject of a bankruptcy petition.

## **Item 10: Requirements for State Registered Advisers**

Please see the “*Recommendations Involving Material Financial Interests*” and “*Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests*” sections above, located on page 10 and 11.