

# ***JEFFREY N. MEHLER, CFP® LLC***

Registered Investment Adviser

FORM ADV PART 2A

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*This disclosure brochure provides clients with information about the qualifications and business practices of Jeffrey N. Mehler, CFP® LLC, an independent investment advisory firm registered with the United States Securities and Exchange Commission ("SEC"). It also describes the services Jeffrey N. Mehler, CFP® LLC provides as well as background information on those individuals who provide investment advisory services on behalf of Jeffrey N. Mehler, CFP® LLC. Please contact Jeffrey N. Mehler, Managing Member of Jeffrey N. Mehler, CFP® LLC at 860-767-9700 if you have any questions about the contents of this disclosure brochure.*

*The information in this disclosure brochure has not been approved or verified by the SEC or by any state securities authority. Registration with the SEC does not imply that Jeffrey N. Mehler, CFP® LLC or any individual providing investment advisory services on behalf of Jeffrey N. Mehler, CFP® LLC possess a certain level of skill or training. Additional information about Jeffrey N. Mehler, CFP® LLC is available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for Jeffrey N. Mehler, CFP® LLC is 126681.*

## Item 2 – Material Changes

Since the date of its most recent annual filing of this disclosure brochure (March 14, 2023) this disclosure brochure has been materially changed and contains new information for the benefit of clients and prospective clients.

## Item 1 – Cover Page

Jeffrey N. Mehler, CFP® LLC no longer maintains a branch office in Leeds, MA.

## Item 5 – Fees and Compensation

Jeffrey N. Mehler, CFP® LLC has reverted to a tiered fee schedule as follows:

Assets Under Management	Maximum Annual Fee (%)
Up to \$1 Million	1.25%
The Next \$1,000,001 - \$2,000,000	1.05%
Over \$2 Million	0.90%

## Financial Planning and Consulting Services Fees

Jeffrey N. Mehler, CFP® LLC has disclosed that the range of quarterly Financial Planning and Consulting fees is from \$500 to \$10,000.

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## **Item 4 - Advisory Business**

### **A. The Company**

Jeffrey N. Mehler, CFP® LLC is a privately-held Connecticut limited liability company that has been providing investment advisory services since 2005 (from 1994 to 2005, Jeffrey N. Mehler, CFP® LLC conducted business as a sole proprietorship) and as an SEC-registered investment adviser since 2006. Throughout this disclosure brochure, Jeffrey N. Mehler, CFP® LLC is referred to as “JNM”.

The principal owner of JNM is Jeffrey N. Mehler, CFP®.

### **B. Advisory Services**

JNM provides the following investment advisory services:

#### Investment Supervisory Services

The Investment Supervisory services provided by JNM typically consists of both an investment management component and a financial planning component. Investment Supervisory Services are defined as giving continuous advice to a client or making investments for a client based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client’s particular circumstances are established. Each portfolio will be designed with the goal of meeting each client’s individual needs. Account supervision is guided by the stated objectives of the client. JNM may designate the active discretionary management of certain of the client’s assets among certain independent money managers to be recommended by JNM, based upon the investment objectives of the client. Clients are required to enter into a separate investment management agreement with each independent money manager selected.

Investment Supervisory Services will be provided on both a discretionary and non-discretionary basis. For accounts managed on a discretionary basis, the client gives JNM full authority to manage the client's assets in accordance with what JNM deems to be in the client's best interest based on the client’s investment guidelines. Clients will retain individual ownership of all securities.

Please see the description below for information regarding the financial planning component of JNM’s Investment Supervisory Services.

#### Financial Planning Services

If a client desires to obtain financial planning apart from the financial planning services provided as part of JNM’s Investment Supervisory Services, JNM also provides Financial Planning Services as a stand alone service. Financial planning is primarily an analytical process designed to organize financial data, identify needs and opportunities and evaluate alternative courses of action; it may include analysis of current net worth, income taxes, cash flow and budgeting, investments and asset allocation, retirement planning, employee benefit plan analysis, estate and gift tax planning, education pre-funding and risk management focusing on life, health and disability coverage.

In general, JNM gathers required information through personal interviews. JNM will typically meet with the client to conduct an evaluation of the client’s current financial status,

future goals and attitudes towards risk. Related documents supplied by the client are also reviewed. JNM conducts a financial analysis and prepares a written plan that describes the client's current situation, identifies needs and opportunities and makes suggestions designed to help the client achieve stated goals.

While financial analyses may include investment advice concerning mutual funds and securities, it may also include investment advice with respect to products that may or may not constitute "securities," such as life insurance and annuities. It also takes into consideration estate tax planning issues that may not constitute "investment" advice.

JNM may recommend its own services and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if JNM recommends its own services. The client is under no obligation to act upon any of the recommendations made by JNM under a financial planning engagement and/or engage the services of any such recommended professional, including JNM or any of its related persons. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of JNM's recommendations.

In performing its services, JNM shall not be required to verify any information received from the client or from the client's other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. If requested by the client, JNM may suggest the services of other professionals for implementation services, but the client is under no obligation to engage the services of any suggested professional. In addition, each client is advised that it remains their responsibility to promptly notify JNM if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising JNM's previous recommendations and/or services.

#### Consulting Services

Clients can also receive investment advice on a more limited basis. This may include advice on only an isolated area(s) of concern such as estate planning, retirement planning, reviewing a client's existing portfolio, or any other specific topic. JNM also provides specific consultation and administrative services regarding investment and financial concerns of the client. Additionally, JNM provides advice on non-securities matters. Generally, this is in connection with the rendering of estate planning, tax planning insurance, and/or annuity advice.

Consulting recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. All recommendations are of a generic nature.

#### Investment Monitoring

JNM will also provide investment monitoring and reporting services with respect to certain assets that are not being actively managed by JNM as part of its investment management services. Pursuant to these services, JNM will (i) monitor the performance and consistency of the client's investments as appropriate to a client's stated risk tolerance, investment goals and suitability and (ii) provide the client with a monitoring report.

#### Additional Services

JNM provides other services related to non-securities matters. Such services involve providing general financial oversight of a client's assets other than investment portfolio services. JNM may also conduct financial seminars.

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

JNM offers a full range of investment advisory services which can be tailored to meet the specific needs of each client. In order to provide appropriately individualized services, JNM will work with the client to obtain information regarding the client's financial circumstances, investment objectives, overall financial condition, income and tax status, personal and business assets, risk profile and other information regarding the client's financial and investment needs.

JNM will periodically review with clients their financial circumstances, investment objectives and risk profile. In order for JNM to provide effective advisory services, it is critical that clients provide accurate and complete information to JNM and inform JNM anytime such information needs to be updated or anytime there is a change in their financial circumstances, investment objectives and/or risk profile.

Generally, clients are permitted to impose reasonable restrictions on investing in certain securities or types of securities in their advisory accounts, provided, however, that some restrictions may not be accommodated when utilizing Exchange Traded Funds, mutual funds or with respect to certain third-party products or services made available through JNM. In addition, a restriction request may not be honored if it is fundamentally inconsistent with JNM's investment philosophy, runs counter to the client's stated investment objectives, or would prevent JNM from properly servicing client accounts.

### **D. Wrap Fee Programs**

JNM does not participate in wrap fee programs. Under a wrap fee program, advisory services (which may include portfolio management or advice concerning the selection of other investment advisers) and transaction services (*e.g.*, execution of trades) are provided for one fee. This is different than traditional investment management programs whereby services are provided for a fee, but transaction services are billed separately on a per-transaction basis.

### **E. Assets Under Management**

As of March 21, 2024, the total amount of client assets managed by JNM is approximately \$323,206,611. Of this amount, approximately \$79,819,944 are managed on a non-discretionary basis and \$243,386,667 are managed on a discretionary basis.

## **Item 5 - Fees And Compensation**

### **A. Advisory Fees**

#### Investment Supervisory Services

As stated above, typically there is both an investment management component and a financial planning component to JNM's Investment Supervisory Services. The annual fee for the investment management component will be charged as a percentage of assets under management. The table below shows the maximum annual fee for the investment management component. The actual fee charged may be less than the maximum fee shown below depending upon the size and complexity of the client's account (for example, JNM, in its sole discretion, may charge a reduced advisory fee on cash balances in a client's account):

<b>Assets Under Management</b>	<b>Maximum Annual Fee (%)</b>
Up to \$1 Million	1.25%
The Next \$1,000,001 - \$2,000,000	1.05%
Over \$2 Million	0.90%

Clients will be billed each calendar quarter in advance based upon the value (market value or fair market value in the absence of market value, plus any credit balance or minus any debit balance), of the client's account at the end of the previous quarter. If an account is terminated during a calendar quarter, fees will be adjusted pro rata based upon the number of calendar days in the calendar quarter that the agreement was effective.

The financial planning component to JNM's Investment Supervisory Services consists of a minimum annual retainer ranging from \$500 to \$2,000 per quarter. Retainer fees are based on the anticipated complexity of the assignment and the amount of time expected to be required.

#### Financial Planning and Consulting Services Fees

Financial Planning and/or Consulting services fees will be charged a rate of up to \$350 per hour and generally will be due and payable as they are earned. The length of time it will take to complete the advisory service will depend on the nature and complexity of the individual client's personal circumstances. In the case of written financial plans, half the fee is generally due when the engagement begins and any remaining balance is due upon presentation of the plan to the client.

For ongoing financial planning and consulting services, JNM charges a minimum annual retainer ranging from \$500 to \$10,000 per quarter. Retainer fees are based on the anticipated complexity of the assignment and the amount of time expected to be required.

#### Investment Monitoring Services

The annual fee for investment monitoring services is charged either as (i) a fixed-fee not to exceed \$10,000 per year or (ii) as a percentage of the non-managed assets that are being monitored by JNM and will not exceed .30% of the value of such assets on the first day of each calendar quarter. The investment monitoring services fee may be charged on any publicly traded assets or private investments requested by a client to be included in their monitoring service.

#### Financial Seminar Fees

The fee for financial seminars is up to \$10,000 and is customarily paid in advance.

### **B. Payment Method**

Unless otherwise agreed to, JNM's advisory agreement and/or the separate agreement the client enters into with the account custodian will authorize JNM, through the account custodian, to debit the client's account for the amount of JNM's fee and to directly remit that investment advisory fee to JNM. Details of the investment advisory fee charged are more fully described in the advisory agreement entered into with each client.

In order for JNM's advisory fees to be directly debited from a client's account, the client must provide written authorization permitting JNM to bill the custodian. In addition, the

account must be held by a qualified custodian and the qualified custodian must agree to send to the client an account statement on at least a quarterly basis. The account statement must indicate all amounts disbursed from the account including the amount of advisory fees paid directly to JNM. Clients are informed that it is their responsibility to verify the accuracy of the fee calculation and that the account custodian will not determine whether the fee is properly calculated.

JNM reserves the right to deduct fees from client accounts on a weighted basis. When deducting fees directly from client accounts the fee paid by any one individual client account can be as high as 2.75%. JNM applies different criteria when determining the fee deduction from each account, including the investment approach and whether cash can be readily raised from that account. JNM will provide, at the client's request, a schedule of how fees will be deducted, provided, however, the weighting of fee deduction can vary on a quarterly basis.

### **C. Additional Fees and Expenses**

#### Fees Negotiable

JNM retains the right to modify fees in its sole and absolute discretion, on a client-by-client basis based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, *pro bono* activities, etc.). JNM may combine related household accounts for fee calculation and minimum annual fee purposes.

#### Prior Fee Schedules

The fees charged to investment advisory clients whose assets have been managed by JNM prior to 2014 may differ from the fees charged to new advisory clients of JNM. In addition, certain pre-existing clients of JNM (e.g., before June 1, 2010) may be charged an ongoing financial planning fee based on such clients' total net worth.

#### Termination of Client Relationship

A client agreement may be canceled at any time, by either party, for any reason upon written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. The client has the right to terminate an agreement without penalty within five (5) business days after entering into the agreement.

#### Other Fees and Expenses

Each investment vehicle that JNM recommends for its clients has its own management fee and other expenses which are paid directly to the investment manager. These investment recommendations include but are not limited to "no-load" mutual funds, exchange traded funds (ETF), separately managed bond and stock accounts. JNM receives no benefit from the managers selected and in many cases JNM's clients benefit from access to the institutional class instead of a retail class of a mutual fund or access to an independent money manager at lower minimum investment amounts and/or lower fees than could be achieved if the client worked directly with the mutual fund or the independent money manager.

All fees paid to JNM for investment advisory services are separate and distinct from the fees



and expenses charged by mutual funds to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and possible other fees.

The fees of the separate account managers retained by JNM will be set forth in the investment management agreement between the client and the independent money manager. The actual management fees may be higher or lower for specific independent money managers employing similar strategies. Clients will also receive a copy of each separate independent money manager's Form ADV Part 2.

Generally, but not always, a client could invest in a mutual fund, ETF or with an independent money manager directly, without the services of JNM. In that case, the client would not receive the services provided by JNM which are designed, among other things, to assist the client in determining which investments are most appropriate to each client's financial condition and objectives. In addition, the investment minimums and "all in" cost for investing independently of JNM could be higher for the client.

#### Private Equity Fees

On occasion, and only when appropriate to the investment objectives and risk profile of the client, JNM may recommend an investment in a private equity fund(s). Please see the Risk disclosures in Item 8 for more information about investing in private equity funds.

Expenses associated with private equity funds are significantly higher than many other traditional investment vehicles. There are no limits on the fees private equity funds can charge investors, and several types of fees and charges are associated with these funds. These costs will reduce the value of your total investment and your return. You should analyze the added cost against the benefit of diversification obtained by investing in private equity funds.

All expenses are disclosed in the fund "offering documents" (documents provided by a fund that explain its objectives, risks, terms of investment and other policies), and you should be aware of these expenses. Typical expenses include, but are not limited to, the following:

*Annual management fee.* Investors are charged an annual management fee on the value of their investment. This fee is the cost of a fund manager making the investment decisions for you. The fund manager typically receives a fee of 1% to 2% of net assets, although this amount depends on various factors, including the type of fund.

*Performance or incentive fee.* In addition to the annual management fee, most private equity funds charge a performance-based fee referred to as "carried interest." This fee is usually a fixed percentage of the performance and typically accrues only after the fund's net returns clear a predefined hurdle rate of return.

*Placement fee.* The placement fee is a front-end sales charge (a sales charge that must be paid immediately upon purchase) paid to the placement agent. In turn, the agent may pay a portion of those fees to affiliated or unaffiliated registered broker-dealers or other entities involved in the offer and sale of the private equity or private real estate fund interests.

*Transaction and administrative expenses.* As limited partners, investors are charged a pro-rated percentage (based on your investment) of all transaction and administrative expenses incurred by the fund.

### Trading and Other Costs

All fees paid to JNM for investment advisory services are separate and distinct from transaction fees charged by broker dealers associated with the purchase and sale of equity securities and options. Such fees may include odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. In addition, fees do not include the services of any co-fiduciaries, accountants, broker dealers or attorneys. Please see the section entitled "Brokerage Practices" on page 19 of this disclosure brochure for additional information on brokerage and other transaction costs.

### **D. Termination and Refunds**

#### Investment Advisory Services

A client has the right to terminate an advisory agreement without penalty within five (5) business days after entering into such agreement. In addition, an advisory agreement may be terminated at any time, by either party, for any reason upon 30 days prior written notice to the other party. [JNM is authorized to charge a client the applicable fee for up to 30 days after account termination as reasonable compensation for the orderly winding up of the client's account.] If an account is terminated during a calendar quarter, fees will be adjusted *pro rata* based upon the number of calendar days in the calendar quarter that the advisory agreement was effective.

When possible, JNM will credit a client's account for the amount of the refund. Otherwise, JNM will send a check to the client for the amount of the refund.

### **E. Additional Compensation**

JNM is compensated solely by fees paid by its clients and does not accept commissions or compensation from any other source (i.e., mutual funds, insurance products or any other investment product).

### **F. IRA Rollover Considerations**

As part of our investment advisory services to you, we may recommend that you withdraw the assets from your employer's retirement plan and roll the assets over to an individual retirement account ("IRA") or another employer plan that we will coordinate on your behalf. A rollover to an IRA or another employer plan may subject these assets to an additional asset-based fee as set forth in the agreement you executed with our firm.

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 interests 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.

Many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, you should consider the costs and benefits of each.

An employee will typically have four options:

1. Leaving the funds in your employer's (former employer's) plan.
2. Moving the funds to a new employer's retirement plan.
3. Cashing out and taking a taxable distribution from the plan.
4. Rolling the funds into an IRA account.

Each of these options has advantages and disadvantages and before making a change we encourage you to speak with your CPA and/or tax attorney.

If you are considering rolling over your retirement funds to an IRA or another employer plan there are a few points to consider: :

1. Determine whether the investment options in your employer's retirement plan address your needs or whether you might want to consider other types of investments.
  - a) Employer retirement plans generally have a more limited investment menu than IRAs.
  - b) Employer retirement plans may have unique investment options not available to the public such as employer securities, or previously closed funds.
2. Investments in your current or new employer plan may have lower fees..
  - a) If you are interested in investing only in mutual funds, you should understand the cost structure of the share classes available in your employer's retirement plan and how the costs of those share classes compare with those available in an IRA or another employer plan.
  - b) You should understand the various products and services you might take advantage of at an IRA custodian, or another employer plan and the potential costs of those products and services.
3. Our strategy may have higher risk than the option(s) provided to you in your plan.
4. Your current plan may also offer other services.
5. If you keep your assets titled in a 401k or retirement account, you could potentially delay your required minimum distribution beyond age 73.

6. Your 401k may offer more liability protection than a rollover IRA; each state may vary. Generally, federal law protects assets in qualified plans from creditors. Since 2005, IRA assets have been generally protected from creditors in bankruptcies. However, there can be some exceptions to the general rules so you should consult with an attorney if you are concerned about protecting your retirement plan assets from creditors.
7. You may be able to take out a loan on your active employer 401k, but not from an IRA.
8. IRA assets can be accessed any time; however, distributions are subject to ordinary income tax and may also be subject to a 10% early distribution penalty unless they qualify for an exception such as disability, higher education expenses or the purchase of a home.
9. If you own company stock in your plan, you may be able to liquidate those shares at a lower capital gains tax rate.
10. Your plan may allow you to hire us as the manager and keep the assets titled in the plan name.

It is important that you understand the differences between these types of accounts and to decide whether a rollover is best for you.

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

JNM does not accept performance-based fees or engage in side-by-side management. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. JNM's fees are calculated as described above in Item 5 - Fees and Compensation - and are not charged on the basis of a share of the capital gains upon, or capital appreciation of, the funds in a client's account.

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

JNM provides investment advisory services to individuals (including high net worth individuals), trusts, estates and charitable organizations; and corporations or other business entities.

### **Engaging the Services of JNM**

All clients wishing to engage JNM for investment advisory services must first complete the applicable investment advisory agreement as well as any other document or questionnaire provided by JNM. JNM may only implement its investment management recommendations after the client has arranged for and furnished JNM with all information and authorizations regarding accounts with the appropriate broker-dealer/custodian.

The investment advisory agreement describes the services and responsibilities of JNM to the client. It also outlines JNM's fee in detail. In addition, clients must complete certain broker-dealer/custodial documentation. Upon completion of all these documents, JNM will be considered engaged by the client. Neither JNM nor the client may assign the investment

advisory agreement without the consent of the other party. Transactions that do not result in a change of actual control or management of JNM are not to be considered an assignment.

A copy of JNM's privacy policy notice and this written disclosure statement are provided to each client prior to or contemporaneously with the execution of the investment advisory agreement. Any client who has not received a copy of JNM's written disclosure statement at least forty eight (48) hours prior to executing the investment advisory agreement shall have five (5) business days subsequent to executing the agreement to terminate JNM's services without penalty.

JNM's clients are advised to promptly notify JNM if there are ever any changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon JNM's management services.

### **Conditions for Managing Accounts**

#### Investment Supervisory Services

JNM requires new clients to have a minimum account size of \$400,000 for investment supervisory services, although JNM retains the right to reduce or waive this minimum account size. Accounts of less than \$400,000 may be set up when the client and JNM anticipate the client will add additional funds to the accounts bringing the total to \$400,000 within a reasonable time. Other exceptions will apply to employees of JNM and their relatives, or relatives of existing clients. Economic hardship circumstances may also be taken into consideration.

#### Financial Planning and Consulting Services

There is no minimum account size requirement for financial planning and consulting services clients. For ongoing financial planning and consulting services, JNM charges a minimum annual retainer ranging from \$500 to \$2,000 per quarter.

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

### **A. Methods of Analysis and Investment Strategies**

#### Methods of Analysis

The security analysis method employed by JNM is fundamental analysis.

Fundamental analysis is a method of evaluating securities by attempting to measure the intrinsic value of a stock. Fundamental analysts study the overall economy and industry conditions, the financial condition of a company, details regarding the company's product line, and the experience and expertise of the company's management. The resulting data is used to measure the true value of the company's stock compared to the current market value.

#### Investment Strategies

JNM will use all or some of the following strategies in managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance and time horizons, among other considerations:

### *Long-Term Purchases*

Securities are purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.

### *Short-Term Purchases*

Securities are purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.

### *Short Sales*

A securities transaction in which an investor sells borrowed securities in anticipation of a price decline. The investor is then required to return an equal number of shares at some point in the future. A short seller will profit if the stock goes down in price.

### *Margin Transactions*

A securities transaction in which an investor borrows money to purchase a security, in which case the security serves as collateral on the loan.

### *Option Writing*

An investment strategy utilizing option writing involves selling (writing) an option. An option is the right, but not the obligation, to buy or sell a particular security at a specified price before the expiration date of the option. When an investor sells (writes) an option, he or she must deliver to the buyer a specified number of shares if the buyer exercises the option. The seller pays the buyer a premium (the market price of the option at a particular time) in exchange for writing the option.

### Sources of Information

In conducting security analysis, JNM may utilize the following sources of information: financial newspapers and magazines, research materials prepared by others, annual reports, prospectuses, filings with the U.S. Securities and Exchange Commission and company press releases.

### Types of Investments

Investment advice may be offered on any investments held by a client at the start of the advisory relationship. Recommendations for new investments will typically include to domestic and foreign equity securities, exchange traded funds, warrants, corporate debt securities, commercial paper, certificates of deposit, municipal and United States government securities, mutual funds, annuities, cash value life insurance options and interests in partnerships investing in real estate and oil and gas.

### Investing Involves Risk

Investing in securities involves risk of loss that each client should be prepared to bear. The value of a client's investment may be affected by one or more of the following risks, any of which could cause a client's portfolio return, the price of the portfolio's shares or the portfolio's yield to fluctuate:

- Market Risk. The value of portfolio assets will fluctuate as the stock or bond market fluctuates. The value of investments may decline, sometimes rapidly and unpredictably, simply because of economic changes or other events that affect large portions of the market.
- Management Risk. A client's portfolio is subject to management risk because it is actively managed by JNM's investment professionals. JNM will apply its investment techniques and risk analysis in making investment decisions for a client's portfolio, but there is no guarantee that these techniques and JNM's judgment will produce the intended results.
- Interest Rate Risk. Changes in interest rates will affect the value of a portfolio's investments in fixed-income securities. When interest rates rise, the value of investments in fixed-income securities tend to fall and this decrease in value may not be offset by higher income from new investments. Interest rate risk is generally greater for fixed-income securities with longer maturities or durations.
- Credit Risk. An issuer or guarantor of a fixed-income security, or the counterparty to a derivatives or other contract, may be unable or unwilling to make timely payments of interest or principal, or to otherwise honor its obligations. The issuer or guarantor may default causing a loss of the full principal amount of a security. The degree of risk for a particular security may be reflected in its credit rating. There is the possibility that the credit rating of a fixed-income security may be downgraded after purchase, which may adversely affect the value of the security. Investments in fixed-income securities with lower ratings tend to have a higher probability that an issuer will default or fail to meet its payment obligations.
- Allocation Risk. The allocation of investments among different asset classes may have a significant effect on portfolio value when one of these asset classes is performing more poorly than the others. As investments will be periodically reallocated, there will be transaction costs which may be, over time, significant. In addition, there is a risk that certain asset allocation decisions may not achieve the desired results and, as a result, a client's portfolio may incur significant losses.
- Foreign (Non-U.S.) Risk. A portfolio's investments in securities of non-U.S. issuers may involve more risk than those of U.S. issuers. These securities may fluctuate more widely in price and may be less liquid due to adverse market, economic, political, regulatory or other factors.
- Emerging Markets Risk. Securities of companies in emerging markets may be more volatile than those of companies in developed markets. By definition, markets, economies and government institutions are generally less developed in emerging market countries. Investment in securities of companies in emerging markets may entail special risks relating to the potential for social instability and the risks of expropriation, nationalization or confiscation. Investors may also face the imposition of restrictions on foreign investment or the repatriation of capital and a lack of hedging instruments.
- Currency Risk. Fluctuations in currency exchange rates may negatively affect the value of a portfolio's investments or reduce its returns.
- Derivatives Risk. Certain strategies involve the use of derivatives to create market exposure. Derivatives may be illiquid, difficult to price and leveraged so that small changes may produce disproportionate losses for a client's portfolio and may be subject to counterparty risk to a greater degree than more traditional investments. Because of their complex nature, some derivatives may not perform as intended. As a

result, a portfolio may not realize the anticipated benefits from a derivative it holds or it may realize losses. Derivative transactions may create investment leverage, which may increase a portfolio's volatility and may require the portfolio to liquidate portfolio securities when it may not be advantageous to do so.

- Capitalization Risk. Investments in small- and mid-capitalization companies may be more volatile than investments in large-capitalization companies. Investments in small-capitalization companies may have additional risks because these companies have limited product lines, markets or financial resources.
- Liquidity Risk. Liquidity risk exists when particular investments are difficult to purchase or sell, possibly preventing JNM from selling out of such illiquid securities at an advantageous price. Derivatives and securities involving substantial market and credit risk also tend to involve greater liquidity risk.
- Issuer Specific Risk. The value of an equity security or debt obligation may decline in response to developments affecting the specific issuer of the security or obligation, even if the overall industry or economy is unaffected. These developments may comprise a variety of factors, including, but not limited to, management issues or other corporate disruption, political factors adversely affecting governmental issuers, a decline in revenues or profitability, an increase in costs, or an adverse effect on the issuer's competitive position.
- Concentrated Portfolios Risk. Certain investment strategies focus on particular asset classes, countries, regions, industries, sectors or types of investments. Concentrated portfolios are an aggressive and highly volatile approach to trading and investing. Concentrated portfolios hold fewer different stocks than a diversified portfolio and are much more likely to experience sudden dramatic prices swings. In addition, the rise or drop in price of any given holding is likely to have a larger impact on portfolio performance than a more broadly diversified portfolio.
- Legal or Legislative Risk. Legislative changes or court rulings may impact the value of investments or the securities' claim on the issuer's assets and finances.

## **B. Risks Associated with Investment Strategies and Methods of Analysis**

### *Risks Associated with Investment Strategies*

#### Long-Term Purchases

Using a long-term purchase strategy generally assumes the financial markets will go up in the long-term which may not be the case. There is also the risk that the segment of the market that you are invested in or your particular investments will decrease in value even if the overall financial markets advance. Purchasing investments long-term may create an opportunity cost (e.g., "locking-up" assets that may be better utilized in the short-term in other investments).

#### Short-Term Purchases

Using a short-term purchase strategy generally assumes that the performance of the financial markets can be accurately predicted over the short-term. The risk associated with a short-term purchase strategy is that there are many factors that may affect market performance in the short-term including interest rate fluctuations, cyclical earnings, etc. Such factors may have a smaller impact over the longer-term. In addition, short-term trading may incur a disproportionately higher amount of transaction costs compared to long-term trading.



### Short Sales

Short selling is very risky. The primary risk associated with selling a security that was borrowed in anticipation of a price decline is that if the price of those borrowed shares *increases*, the potential losses are *unlimited*.

### Margin Transactions

When buying stocks on margin, you are employing leverage as an investing strategy. Leverage allows an investor to extend their financial reach by investing using borrowed funds while limiting the amount of their own cash they expend. This can involve a high degree of risk, including, but not limited to:

- Losing more money than you have invested;
- Paying interest on your loan;
- Being required to deposit additional cash or securities in your account on short notice to cover market losses;
- Being forced to sell some or all of your securities when falling stock prices reduce the value of your securities; and/or
- Having your brokerage firm sell some or all of your securities without consulting you to pay off the loan it made to you.

### *Risk Associated with Methods of Analysis*

The analysis of securities requires subjective assessments and decision-making by experienced investment professionals, however, there is always the risk of an error in judgment.

JNM's securities analysis methods rely on the assumption that the companies whose securities the firm purchases and sells, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While JNM is alert to indications that data may be incorrect, there is always the risk that the firm's analysis may be compromised by inaccurate or misleading information.

### Fundamental Analysis

Fundamental analysis, when used in isolation, has a number of risks:

- Information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.
- The data used may be out of date.
- It ignores the influence of random events such as oil spills, product defects being exposed, acts of God and so on.
- It assumes that there is no monopolistic power over markets.
- The market may fail to reach expectations of perceived value.

## **C. Risks Associated with Specific Securities Utilized**

### Common Stocks

The major risks associated with investing in common stocks relate to the issuer's capitalization, quality of the issuer's management, quality and cost of the issuer's services, the issuer's ability to manage costs, efficiencies in the manufacturing or service delivery process, management of litigation risk and the issuer's ability to create shareholder value (e.g., increase the value of the company's stock price).

### Preferred Stocks

Preferred stock dividends are generally fixed in advance. Unlike requirements to pay interest on certain types of debt securities, the company that issues preferred stock may not be required to pay a dividend and may stop paying the dividend at any time. Preferred stock may also be subject to mandatory redemption provisions and an issuer may repurchase these securities at prices that are below the price at which they were purchased by the investor. Under these circumstances, a client account holding such preferred securities could lose money.

### Fixed-Income Securities

Different forms of fixed-income instruments, such as bonds, money market funds, and certificates of deposit may be affected by various forms of risk, including:

- Interest Rate Risk. The risk that the value of the fixed-income holding will decrease because of an increase in interest rates.
- Liquidity Risk. The inability to readily buy or sell an investment for a price close to the true underlying value of the asset due to a lack of buyers or sellers. While certain types of fixed-income securities are generally liquid (e.g., corporate bonds), there are risks which may occur such as when an issue trading in any given period does not readily support buys and sells at an efficient price. Conversely, when trading volume is high, there is also the risk of not being able to purchase a particular issue at the desired price.
- Credit Risk. The potential risk that an issuer would be unable to pay scheduled interest or repay principal at maturity, sometimes referred to as "default risk." Credit risk may also occur when an issuer's ability to make payments of principal and interest when due is interrupted. This may result in a negative impact on all forms of debt instruments.
- Reinvestment Risk. With declining interest rates, investors may have to reinvest income or principal at a lower rate.
- Duration Risk. Duration is a measure of a bond's volatility, expressed in years to be repaid by its internal cash flow (interest payments). Bonds with longer durations carry more risk and have higher price volatility than bonds with shorter durations.

### Municipal Bonds

In addition to the risks set forth under "Fixed-Income Securities" above, municipal bonds are susceptible to events in the municipality that issued the bond or the security posted for the bond. These events may include economic or political policy changes, changes in law, tax base erosion, state constitutional limits on tax increases, budget deficits or other financial difficulties and changes in the credit rating assigned to municipal issues.

### Exchange Traded Funds

ETFs are subject to risks similar to those of stocks. Investment returns will fluctuate and are subject to market volatility, so that when shares are sold they may be worth more or less than their original cost. ETF shares are bought and sold at market price (not Net Asset Value) and are not individually redeemed from the fund. There is also the risk that a manager may deviate from the stated investment mandate or strategy of the ETF which could make the holdings less suitable for a client's portfolio. ETFs may also carry additional expenses based on their share of operating expenses and certain brokerage fees, which may result in the potential duplication of certain fees. In addition, while many ETFs are known for their potential tax efficiency and higher "qualified dividend income" (QDI) percentages, there are assets classes within these ETFs or holding periods that may not benefit. Shorter holding periods, as well as commodities and currencies that may be part of an ETF's portfolio, may be considered "non-qualified" under certain tax code provisions.

### Equity Funds

The major risks associated with investing in equity mutual funds is similar to the risks associated with investing directly in equity securities, including market risk, which is the risk that investment returns will fluctuate and are subject to market volatility, so that an investor's shares, when redeemed or sold, may be worth more or less than their original cost. Other risks include the quality and experience of the portfolio management team and its ability to create fund value by investing in securities that have positive growth, the amount of individual company diversification, the type and amount of industry diversification and the type and amount of sector diversification within specific industries. In addition, there is the risk that a manager may deviate from the stated investment mandate or strategy of the mutual fund which could make the holdings less suitable for a client's portfolio. Also, mutual funds tend to be tax inefficient and therefore investors may pay capital gains taxes on fund investments while not having yet sold their shares in the fund. Mutual funds may also carry additional expenses based on their share of operating expenses and certain brokerage fees, which may result in the potential duplication of certain fees.

### Fixed-Income Funds

In addition to the risks associated with investing in equity mutual funds, fixed-income mutual funds also the same risks as set forth under "Fixed-Income Securities" listed above.

### Indexed Funds

Indexed Funds have the potential to be affected by "tracking error risk" which means a deviation from a stated benchmark index. Since the core of a portfolio may attempt to closely replicate a benchmark, the source of the tracking error (deviation) may come from a "sample index" that may not closely align the benchmark. In addition, while many index mutual funds are known for their potential tax efficiency and higher "qualified dividend income" (QDI) percentages, there are assets classes within these funds or holding periods that may not benefit. Shorter holding periods, as well as commodities and currencies that may be part of a fund's portfolio, may be considered "non-qualified" under certain tax code provisions.

### Options

There are numerous risks associated with transactions in options on securities or securities indexes. A decision as to whether, when and how to use options involves the exercise of skill and judgment, and even a well-conceived transaction may be unsuccessful to some degree

because of market behavior or unexpected events. As the writer of covered call options, the client forgoes, during the option's life, the opportunity to profit from increases in the market value of the underlying security or the index above the sum of the option premium received and the exercise price of the call, but has retained the risk of loss, minus the option premium received, should the price of the underlying security decline. In the case of index options, the client incurs basis risk between the performance of the underlying portfolio and the performance of the underlying index. For example, the underlying portfolio may decline in value while the underlying index may increase in value, resulting in a loss on the call option while the underlying portfolio declines as well.

### Private Equity Funds

*Long-term investment.* Unlike mutual funds, which generally invest in publicly traded securities that are relatively liquid, private equity funds generally invest in large amounts of illiquid securities from private companies. Depending on the strategy used, private real estate funds will have illiquid underlying investments that may not be easily sold, and investors may have to wait for improvements or development before any redemption. Given the illiquid nature of the underlying purchases made by private equity and private real estate managers, private equity and private real estate funds are considered long-term investments. Private equity funds are generally set up as 10- to 15-year investments with little or no provision for investor redemptions. Private real estate funds are generally seven- to ten-year investments and also have limited provisions for redemptions. With long-term investments, you should consider your financial ability to bear large fluctuations in value and hold these investments over a number of years.

*Difficult valuation assessment.* The portfolio holdings in private equity and private real estate funds may be difficult to value, because they are not usually quoted or traded on any financial market or exchange. As such, no easily available market prices for most of a fund's holdings are available. Additionally, it may be hard to quantify the impact a manager has had on underlying investments until those investments are sold.

*Lack of liquidity.* Private equity and private real estate funds are not "liquid" (they can't be sold or exchanged for cash quickly or easily), and the interests are typically non-transferable without the consent of a fund's managing member. As a result, private equity and private real estate funds are generally only suitable for sophisticated investors who have carefully considered their financial capability to hold these investments for the long term.

*Capital call default consequences.* Answering capital calls to provide managers with the pledged capital is a contractual obligation of each investor. Failure to meet this requirement in a timely manner could elicit significant adverse consequences, including, without limitation, the forfeiture of the defaulting investor's interest in the fund.

*Leverage.* Private equity and private real estate funds may use leverage in connection with certain investments or participate in investments with highly leveraged capital structures. Although the use of leverage may enhance returns and increase the number of investments that can be made, leverage also involves a high degree of financial risk and may increase the exposure of such investments to factors such as rising interest rates, downturns in the economy or deterioration in the condition of the assets underlying such investments.

*Lack of transparency.* Private equity and private real estate funds are not required to provide investors with information about their underlying holdings or provide periodic pricing and valuation information. Therefore, you are often putting your complete trust in the managers' abilities to meet their funds' objectives, without the benefit of knowing their investment

selections. This lack of information may make it more difficult for investors to evaluate the risks associated with the funds.

*Manager risk.* Private equity and private real estate fund managers have total investment authority over their funds, and the managers' skill is normally responsible for the investment returns. Therefore, if the founder or key person departs, the returns of the fund may be impacted. Investors have no control or influence in the management of the fund, although they will receive periodic reports from the fund manager. Also, your investment in one fund that uses a generally similar investment strategy as another fund could lessen your overall diversification, and consequently, increase your investment risk.

*Regulation.* Private equity and private real estate funds are subject to fewer regulatory requirements than mutual funds and other registered investment company products and thus may offer fewer legal protections than you would have if you invested in more traditional investments.

### **Cash Management**

Cash in client accounts is typically held in a money market fund although when deemed advisable, a portion of the client's cash balance may be held in a short-term bond fund.

### **Item 9 - Disciplinary History**

JNM is required to disclose any legal or disciplinary events that are material to a client's or a prospective client's evaluation of the firm's advisory business or the integrity of JNM's management. JNM has never been disciplined by a regulatory agency.

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

#### **A. Broker-Dealer Registration and Registered Representatives**

JNM is not registered, nor does it have an application pending to register, as a broker-dealer. No management person is registered, nor does any management person have an application pending to register, as a registered representative of a broker-dealer.

#### **B. Futures and Commodity Registration**

JNM is not registered, nor does it have an application pending to register, as a futures commission merchant, commodity pool operator or a commodity trading advisor. No management person is registered, nor does any management person have an application pending to register, as an associated person of a futures commission merchant, commodity pool operator or a commodity trading advisor.

#### **C. Financial Industry Affiliations**

In addition to being an investment adviser registered with the U.S. Securities and Exchange Commission, JNM also offers forensic financial statement analysis in divorce matters. The fees for forensic financial statement analysis are separate and distinct from the fees charged for investment advisory services.

On April 1, 2003, Jeffrey N. Mehler, Managing Member of JNM, became a shareholder of a minority ownership interest (<5%) in a savings and loan holding company, National Advisors Holdings, Inc. ("NAH"). NAH has formed a federally chartered trust company, National Advisors Trust Company ("NATC"). Both NAH and NATC are regulated by the Office of Thrift Supervision. NATC intends to provide a low cost alternative to traditional trust service providers and JNM intends to refer clients to NATC for trust and custody services.

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

### **Code of Ethics**

JNM has adopted a Code of Ethics to prevent violations of federal securities laws. The Code of Ethics is predicated on the principle that JNM and its employees owe a fiduciary duty to its clients. Accordingly, JNM expects all employees to act with honesty, integrity and professionalism and to adhere to federal securities laws. JNM and its employees are required to adhere to the Code of Ethics. At all times, JNM and its employees must (i) place client interests ahead of JNM's; (ii) engage in personal investing that is in full compliance with JNM's Code of Ethics; and (iii) avoid taking advantage of their position. Clients and prospective clients may request a copy of JNM's Code of Ethics by contacting Jeffrey N. Mehler, Managing Member of JNM, at (860) 767-9700.

### **Participation or Interest in Client Transactions**

Individuals associated with JNM may buy, sell, or hold in their personal accounts the same securities that they recommend to clients. This does not present a conflict of interest as these securities are publicly traded and widely held.

## **Item 12 - Brokerage Practices**

### **A. Broker Selection**

#### Investment Supervisory Services

JNM will generally recommend that clients utilize the brokerage and clearing services of Charles Schwab & Company, Inc. ("Schwab"), Fidelity Investments Institutional Wealth Services ("Fidelity") and/or National Advisors Trust ("National Advisors Trust") for investment supervisory accounts.

#### Financial Planning and Consulting Services

Financial planning and consulting clients will be required to select their own broker dealers and insurance companies for the implementation of financial planning and/or consulting recommendations. JNM may recommend any one of several brokers including Schwab, Fidelity and/or National Advisors Trust. JNM clients must independently evaluate these brokers before opening an account. The factors considered by JNM when making this recommendation are the fees the broker charges the client for its services, the broker's ability to provide professional services, JNM's experience with the broker, the broker's reputation, and the broker's financial strength, among other factors. JNM's financial planning and consulting clients may use any broker or dealer of their choice.

### Best Execution

Best execution has been defined by the SEC as the “execution of securities transactions for clients in such a manner that the client’s total cost or proceeds in each transaction is the most favorable under the circumstances.” The best execution responsibility applies to the circumstances of each particular transaction and an investment adviser must consider the full range and quality of a broker-dealer’s services, including, among other things, execution capability, commission rates, the value of any research, financial responsibility and responsiveness.

In seeking best execution, the determinative factor is not 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 value of research provided, execution capability, commission rates, and responsiveness. Consistent with the foregoing, while JNM will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client transactions.

If the client requests JNM to arrange for the execution of securities brokerage transactions for the client’s account, JNM shall direct such transactions through broker-dealers that JNM reasonably believes will provide best execution. JNM shall periodically and systematically review its policies and procedures regarding recommending broker-dealers to its client in light of its duty to obtain best execution.

### Broker Analysis

JNM evaluates a wide range of criteria in seeking the most favorable price and market for the execution of transactions. These include the broker-dealer’s trading costs, efficiency of execution and error resolution, financial strength and stability, capability, positioning and distribution capabilities, information in regard to the availability of securities, trading patterns, statistical or factual information, opinion pertaining to trading and prior performance in serving JNM.

Also in consideration is such broker-dealers’ provision or payment of the costs of research and other investment management-related services (the provisional payment of such costs by brokers are referred to as payment made by “soft dollars”, as further discussed in the “Research/Soft Dollars Benefits” section immediately below). Accordingly, if JNM determines in good faith that the amount of trading costs charged by a broker-dealer is reasonable in relation to the value of the brokerage and research or investment management-related services provided by such broker, the client may pay trading costs to such broker in an amount greater than the amount another broker might charge.

JNM’s Managing Member is responsible for continuously monitoring and evaluation the performance and execution capabilities of brokers that transact orders for our client accounts to ensure consistent quality executions. In addition, JNM periodically reviews its transaction costs in light of current market circumstances and other relevant information.

### **Research/Soft Dollar Benefits**

JNM uses the institutional services of Schwab, Fidelity and National Advisors Trust (each a “Custodian” and collectively, the “Custodians”) for maintaining custody of client accounts and executing brokerage transactions (collectively, the “Institutional Services”). There is no direct link between JNM’s use of the Institutional Services and the investment advice it gives to its

clients, although JNM receives economic benefits through its participation in the programs that are typically not available to retail investors of the Custodians.

As a user of the Institutional Services, the Custodians make available to JNM other products and services that benefit JNM, but may not benefit its clients' accounts. Some of these other products and services assist JNM in managing and administering clients' accounts, including:

- Receipt of duplicate client confirmations and bundled duplicate statements;
- Access to a trading desk serving Institutional Services participants exclusively;
- Access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts;
- Ability to have investment advisory fees deducted directly from client account;
- Access, for a fee, to an electronic communication network for client order entry and account information;
- Receipt of compliance publications; and
- Access to mutual funds which generally require significantly higher minimum initial investments or are generally available only to institutional investors.

The Custodians also makes available to JNM other services intended to help JNM manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. In addition, the Custodians may make available, arrange and/or pay for these types of services rendered to JNM by independent third parties.

Additional benefits received because of JNM's use of the Institutional Services may depend upon the amount of transactions directed to, or amount of assets custodied by, each Custodian. JNM is required to maintain a minimum level of client assets with each Custodian to avoid a quarterly service fee. While as a fiduciary JNM endeavors to act in its clients' best interests, JNM's recommendation that clients maintain their assets in accounts at a particular Custodian may be based in part on the benefit to JNM of the availability of some of the foregoing products and services and not solely on the nature cost or quality of custody and brokerage provided by the Custodians which may create a conflict of interest.

In addition, Fidelity provides JNM with transition assistance for moving accounts to the Fidelity platform. The transition assistance revenue is intended to be used for a variety of purposes, including but not necessarily limited to, offsetting account transfer fees for accounts moving to the Fidelity platform, technology set up fees, marketing and mailing costs, stationary and licensure transfer fees, office space expenses, staffing support, and termination fees associated with moving accounts to the Fidelity platform.

## **Directed Brokerage**

### JNM Directed Brokerage

While clients may execute transactions through any broker of their choice, JNM may recommend any one of several brokers/custodians, including Schwab, Fidelity and/or National Advisors Trust. JNM does not participate in any transaction fees or commissions paid to the broker dealer or custodian and does not receive any fees or commissions for the opening or maintenance of client accounts at recommended brokers.



While there is no direct linkage between the investment advice given and usage of a recommended custodian, economic benefits are received which would not be received if JNM did not give investment advice to clients (please see additional disclosures in the “Research/Soft Dollars Benefits” section directly above).

Not all investment advisers require their clients to direct brokerage. JNM is required to disclose that by directing brokerage, JNM may not be able to achieve most favorable execution of client transactions and this practice may cost clients more money.

#### Client Directed Brokerage

Certain clients may direct JNM to use particular brokers for executing transactions in their accounts. With regard to client directed brokerage, JNM is required to disclose that JNM may not have access to the same investment options, and may be unable to negotiate commissions, block or batch orders or otherwise achieve the benefits described above, including best execution. Directed brokerage commission rates may be higher than the rates JNM might pay for transactions in non-directed accounts. Therefore, directing brokerage may cost clients more money. JNM reserves the right to decline acceptance of any client account that directs the use of a broker dealer if JNM believes that the broker dealer would adversely affect JNM’s fiduciary duty to the client and/or ability to effectively service the client portfolio.

As a general rule, JNM encourages each client to compare the possible costs or disadvantages of directed brokerage against the value of custodial or other services provided by the broker to the client in exchange for the directed brokerage designation.

### **B. Trade Aggregation/Allocation**

#### Investment Supervisory Services

Transactions for each client generally will be made independently, unless JNM decides to purchase or sell the same securities for several clients at approximately the same time. JNM may (but is not obligated to) combine or “batch” such orders to:

- obtain best execution;
- negotiate more favorable commission rates; or
- allocate equitably among JNM’s clients, differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently.

Under this procedure, transactions will generally be averaged as to price and allocated among JNM’s clients pro rata. When aggregating lien trade orders, JNM will not receive any additional compensation or remuneration as a result of the aggregation. In the event that JNM determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include:

- When only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates;

- Allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts;
- If an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed);
- With respect to sale allocations, allocations may be given to accounts low in cash;
- In cases when a pro rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, JNM may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or
- In cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

### Financial Planning and Consulting

JNM's financial planning and consulting practice, due to the nature of its business and client needs, does not include blocking trades, negotiating commissions with broker dealers or obtaining volume discounts, nor necessarily obtaining the best price.

### **C. Trade Errors**

Trade errors are promptly reported to the custodian and will be rectified by the custodian with no adverse financial effect on the client.

## **Item 13 - Review Of Accounts**

### **Investment Supervisory Services**

#### Reviews

Managed accounts are reviewed no less than quarterly. Financial planning accounts are reviewed periodically, typically as a result of changed circumstances as communicated by the client or identified by JNM. The calendar is the triggering factor. Accounts at other money managers are reviewed when the applicant receives statements (typically quarterly).

All accounts are reviewed by Jeffrey N. Mehler, CFP®, Managing Member of JNM.

#### Reports

JNM prepares regular quarterly reports for money management clients. In addition, clients receive statements from their broker/dealers, mutual fund companies and other money managers, as appropriate.

### **Financial Planning**

#### Reviews

These client accounts will be reviewed as contracted for at the inception of the advisory relationship.

#### Reports

Those Financial Planning clients that have engaged JNM's services for the preparation of a financial plan will receive a completed financial plan. Additional reports will not typically be provided unless otherwise contracted for at the inception of the advisory relationship.

### **Consulting Services**

#### Reviews

These client accounts will be reviewed as contracted for at the inception of the advisory relationship.

#### Reports

Due to the nature of this service, JNM will not typically provide reports unless contracted for at the inception of the advisory relationship.

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

### **A. Economic Benefits**

JNM does not receive any economic benefits (e.g., sales incentives, prizes) from non-clients for providing investment advice.

### **B. Client Referrals**

JNM does not use solicitors to refer clients.

## **Item 15 - Custody**

As further detailed below, JNM is deemed to have custody because (i) an associated person of JNM serves as a trustee on certain client accounts; (ii) JNM has the authority to transfer funds from client accounts pursuant to Standing Letters of Authorization; and (iii) JNM may have client account login credentials for certain accounts.

Custody of client assets will be maintained with the independent custodian selected by the client. JNM will not have physical custody of any assets in the client's account *except as permitted for payment of advisory fees*. Clients will be solely responsible for paying all fees or charges of the custodian. Clients will authorize JNM to give the custodian instructions for the purchase, sale, conversion, redemption, exchange or retention of any security, cash or cash equivalent or other investment for the client's account.

Clients will receive directly from the custodian at least quarterly a statement showing all transactions occurring in the client's account during the period covered by the account statement, and the funds, securities, and other property in the client's account at the end of the period. *Clients are urged to carefully review the account statement sent by the broker-*

*dealer/custodian and to compare the account statement provided by the broker-dealer/custodian with any statements provided by JNM. Statements provided by JNM may vary from those sent by the broker-dealer/custodian based on accounting procedures, reporting dates, and valuation methodologies of certain securities.*

#### Trust Accounts

Jeffrey N. Mehler, CFP®, the Managing Member of JNM, also serves as a trustee on various client accounts. As a result, JNM is considered to have custody of those client funds and securities in the trust. In addition, for those accounts where Jeffrey N. Mehler, CFP® also serves as a trustee for a client account, JNM undergoes an annual surprise examination by an independent public accountant to verify client assets.

For all JNM client accounts, including those for which a JNM adviser serves as Trustee all funds and securities are maintained with a qualified custodian, and that custodian sends account statements on at least a quarterly basis directly to the account holders.

All client accounts over which JNM is deemed to have custody are subject to an annual surprise audit by an independent public accounting firm.

#### **Item 16 - Investment Discretion**

For those client accounts over which JNM has discretion, JNM requests that it be provided with written authority (e.g., limited power of attorney contained in JNM's investment management agreement) to determine the types and amounts of securities that are bought or sold. Any limitations on this discretionary authority shall be included in this written authority statement. Clients may change or amend these limitations as required. All such amendments shall be submitted in writing.

JNM generally has discretionary authority to make the following determinations without obtaining the consent of the client before the transactions are effected: (1) which securities are bought and sold for the account and (2) the total amount of securities to be bought and sold. JNM's authority in making investment related decisions may be limited by account guidelines, investment objectives and trading restrictions, as agreed between JNM and the client.

#### **Item 17 - Voting Client Securities**

##### **Proxy Voting**

JNM does not vote proxies on behalf of its clients. Therefore, although JNM may provide investment advisory services relative to client investment assets, JNM's clients maintain exclusive responsibility 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 proceeding or other type events pertaining to the client's investment assets. JNM and/or the client shall correspondingly instruct each custodian of the assets to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

##### **Class Action Settlements**

Although JNM may have discretion over client accounts, it will not be responsible for handling client claims in class action lawsuits or similar settlements involving securities owned by the client. Clients will receive the paperwork for such claims directly from their account custodians. . If requested by a client JNM will assist with the preparation of the paperwork for such claims. Each client should verify with their custodian or other account administrator whether such claims are being made on the client's behalf by the custodian or if the client is expected to file such claims directly.

## **Item 18 - Financial Information**

### **A. Prepayment of Fees**

Because JNM does not require or accept prepayment of more than \$500 in fees six months or more in advance, JNM is not required include a balance sheet with this disclosure brochure.

### **B. Financial Condition**

JNM does not have any adverse financial conditions to disclose.

### **C. Bankruptcy**

JNM has never been the subject of a bankruptcy petition.

### **D. Additional Information**

Due to the economic uncertainty caused by the Coronavirus (COVID-19) crisis and pursuant to the Paycheck Protection Program, JNM has obtained a Small Business Administration loan in the approximate amount of \$101,000 on April 21, 2020.

## **Item 19 - Additional Information**

### **Privacy Notice**

JNM views protecting its clients' private information as a top priority and has instituted policies and procedures to ensure that client information is private and secure. JNM does not disclose any nonpublic personal information about its clients or former clients to any nonaffiliated third parties, except as permitted or required by law. In the course of servicing a client's account, JNM may share some information with its service providers, such as transfer agents, custodians, broker-dealers, accountants, and lawyers, etc. JNM restricts internal access to nonpublic personal information about the client to those persons who need access to that information in order to provide services to the client and to perform administrative functions for JNM. As emphasized above, it has always been and will always be JNM's policy never to sell information about current or former clients or their accounts to anyone. It is also JNM's policy not to share information unless required to process a transaction, at the request of a client, or as required by law. For the full text of JNM's Privacy Policy, please contact Jeffrey N. Mehler, Managing Member of JNM, at (860) 767-9700.

**Additional Information**

Clients may contact Jeffrey N. Mehler, Managing Member of JNM, at (860) 767-9700 to obtain additional information or to submit a complaint. Written complaints should be sent to Jeffrey N. Mehler, CFP® LLC, 147 Westbrook Road, Essex, CT 06426.