



**MERCANTILE INVESTMENT ADVISORS
MERCANTILE ADVISORS I, LLC**

January 2014
**Firm ADV
Brochure**

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Fort Worth, TX 76137**

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This brochure provides information about the qualifications and business practices of Mercantile Advisors LP known as Mercantile Advisors I, LLC SEC Registrant #applied for. If you have any questions concerning the contents of this brochure, please contact us at: 817 831-6133, or by email at johnfordcfp@gmail.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 Mercantile Investment Advisors, is available on the SEC's website at www.adviserinfo.sec.gov

Current Assets Under Management —Discretionary: \$200,000,000

MATERIAL CHANGES

This brochure is an updated and reformatted version of SEC form ADV II.

Mercantile Investment Advisors including Herbert R. Smith & Company has been acquired by Mercantile Advisors I, LLC wholly owned by John J. Ford, CFP™.

The Herbert R. Smith & Company office in Wichita Falls has moved from 2700 Midwestern Parkway Suite A — to 2700 Midwestern Parkway Suite C.

There have been no additional material changes since our last published annual update in 2008.

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ADVISORY BUSINESS

Firm Description

- ◊ Mercantile Advisors I, LLC (MIA) is a Financial Advisory firm specializing in investment management for individuals, trusts, institutions, and retirement accounts. Offices are maintained in Fort Worth and Wichita Falls, Texas
- ◊ MIA is registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. This registration does not in its self denote approval of the company or its practices, but does set forth requirements which must be met for MIA to maintain its registration. Additionally, MIA is subject from time-to-time to regulatory audits from the SEC.
- ◊ Principal Owners, Mercantile Advisors I, LLC is wholly owned by:
 - 100% John J Ford

MIA was formed in 2003 and the primary investment vehicle for the Gourley-Lott Trusts of Fort Worth, Texas. In 2005, MIA purchased Herbert R Smith & Company of Wichita Falls and operates it as a subsidiary. The firm was acquired by management in 2012.

◊ Types of Advisory Services

MIA provides investment management services for both individuals and institutions. MIA uses a combination of equity, fixed income securities, exchange-traded funds and mutual funds and allocates these funds based upon our current analysis of economic trends, markets, and investment opportunities. MIA is not stifled by restrictions as to 'style' or 'sector' investments, but assesses current market opportunities and allocates investments based upon value, growth projections, income generation and optimization of risk.

◊ Tailored Relationships

MIA tailors investment portfolios to the individual needs of the client, their risk profile and their income/growth needs. While using the same basic securities in most accounts, allocations are adjusted for particular needs such as tax rates, retirement income, fixed or equity only exposure.

◊ Agreements: MIA uses Charles Schwab as our primary custodian. Our client agreement limits the advisor's ability to invest funds in security markets and deduct its quarterly fee from the account. MIA does not accept 'custody' of a client's account according to the SEC definition. Necessary cash transfers are initiated by the client and move directly from your bank to your investment account without MIA intervention. All clients are provided with an investment management agreement which sets out the duties, responsibilities and guidance for the client and advisor. The agreement spells out fee structure.

◊ Financial Planning: While formally trained in Financial Planning, MIA currently uses contemporary financial planning techniques to assist clients with financial decisions. Currently, we do not provide written plans as part of our business model.

COMPENSATION

MIA is a “fee-only” compensated firm. This means MIA does not participate in sales fees, 12b-1 fees, or commissions of any kind. Client accounts may incur 3rd party transaction costs and in a few cases custody fees for individual transactions. When using Mutual Funds, MIA selects ‘no-load’ funds — or uses funds which waive the sales fee. Clients do have the option to purchase recommended products through other brokers or agents not affiliated with MIA. Further information on brokerage is located in the ‘Brokerage Practices’ section.

◇ Fee Billing: MIA bills clients quarterly as a percentage of the assets under management and bills in advance.

Annual Expense ratio — paid quarterly for Investment Management

1.00% on the first \$ 500,000
 .85% on the next \$ 500,000
 .75% on the next \$1,000,000
 .60% on the next \$3,000,000
 .50% on the next \$5,000,000

Actively managed Covered Call and Option accounts are more specifically addressed in ADV II Options. All fees are negotiable. Fees are calculated using market valuation at the end of the quarter and deducted from the client account, upon notice, during the first 15 days of the new quarter. MIA currently charges no additional fees for performance.

TYPES OF CLIENTS

Description

- ✦ Individuals, couples, and families
- ✦ Retirement accounts
 - ✦ IRAs (Conventional, rollover, Roth)
 - 401(k), 403 (b)
 - Profit Sharing Trust
- ✦ Public and Private Pension Plans
- ✦ Trusts, Family Limited Partnerships, Estates
- ✦ Institutions
 - Schools
 - Foundations
 - Charitable Organizations
- ✦ Account minimum \$500,000. Waived under certain circumstances.

METHODS OF ANALYSIS — INVESTMENT STRATEGIES — RISK OF LOSS**Analysis:**

An overall financial assessment of the client is made in order to structure an asset allocation which matches both the overall return needs and the limitation of risk profile. This assessment is done, if necessary, quantitatively, but based upon manager experience and client knowledge an agreed upon level of asset allocation.

Strategies:

Fundamental: MIA identifies securities with the following characteristics:

- ✦ Current value as compared to the market and comparable securities
- ✦ Current and expected dividend yield
- ✦ Country/industry/market exposure
- ✦ Expected return during anticipated holding period

STRATEGIES

Technical: MIA uses price and volume charts to anticipate both purchase and sales timing and to identify candidates to review fundamentally. MIA will also anticipate general market trends and adjust market exposure accordingly – attempting to maintain at least the minimum agreed upon market exposure.

MIA will use a combination of Equities, Exchange-traded Funds, Mutual Funds, Bonds (Tax-free and Taxable) and money market instruments.

Risk of loss: All investments are subject to risk of losing principal for various reasons. MIA attempts to measure the amount of risk associated with both the general market and individual securities or funds. No performance is guaranteed and strategies which were successful in the past may not be successful in the future.

DISCIPLINARY INFORMATION

No disciplinary actions either pending or held against the firm or its management and staff.

OTHER INDUSTRY ACTIVITY

John J. Ford is a member of the Financial Planning Association, a Certified Financial Planner (CFP™), an active member of the Dallas chapter of the FPA and a member of Kingdom Advisors, an affiliation of Christian investment advisors. John was selected as one of “America’s Top Financial Planners for 2010 – 2013” specializing in Investment Management by the Consumer Research Council of America.

Gloria Bohannon is a CRPC, a member of the Financial Planning Association, an active member of the Dallas chapter of the FPA, and member of the Board of Commerce, Wichita Falls, Texas.

CODE OF ETHICS

At MIA we are committed to protecting the financial privacy of our clients. A notice is sent annually to our clients in order that we may comply with new privacy regulations of the Securities and Exchange Commission. As an investment advisor, we maintain a privacy policy to ensure the security and confidentiality of our clients' portfolio information. This Privacy Policy explains what types of information we collect about our clients and how we safeguard that information.

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Officers may infrequently invest in the same securities that are purchased for client accounts. Officers will not be involved in any purchases or sales that might be construed as conflicting. Any transaction an officer participates will always be after the client or on a completely separate trading day. MIA Personal Trading Policy and Code of Ethics available upon request.

BROKERAGE PRACTICES

Selecting brokerage/custody Firm: MIA may recommend that clients establish brokerage accounts with Schwab Institutional division of Charles Schwab & Company, (Schwab) a registered broker/dealer, member SIPC/NYSE to maintain custody of clients' assets and to effect trades for their accounts. Schwab provides MIA with access to its institutional trading and operations services, which are typically not available to mutual funds and other investments that are otherwise available only to institutional investors or would require a significantly higher minimum initial investment. Schwab Institutional also makes available to MIA other products and services that benefit MIA but may not benefit specific individual client accounts. Some of these other products assist MIA in managing and administering client's accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregate trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payments of MIA's fees from its clients' accounts, and assist with back-office support, record keeping and client reporting. Many of these services generally may be used to service all or a substantial number of MIA's accounts, including accounts not maintained at Schwab Institutional. Schwab Institutional may also provide MIA with other services intended to help MIA manage and further develop its business enterprise. These services may include consulting, presentations on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, Schwab may make available, arrange and/or pay for these services to MIA by independent third parties. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to MIA.

Best Execution: MIA will use multiple broker/dealers to get the best execution considering price, security selection, and service. Listed securities will be purchased on listed exchanges. Securities purchased over-the-counter will either be compared with general market levels to verify the appropriateness of the price, bid at/or better than market levels. Exchange-traded securities will be purchased from Charles Schwab at our previously agreed upon competitive institutional rate.

MIA uses brokers and dealers for specific purposes. Some dealers for specific purposes. Some brokers and dealers have better prices on fixed income transactions, some dealers provide good secondary inventory resources, some dealers provide the best prices, some dealers allow MIA to bid on their lists. MIA compares all factors when selecting the security to purchase and sell at the best available price. MIA does not use directed brokerage services.

Soft dollars: MIA does not use "soft-dollars" for research as defined under Section 28(e). For the general benefit of the majority of clients, MIA does use materials provided by Charles Schwab & Company for research, non-research, brokerage, and non-brokerage products and services. Charles Schwab provides clients of MIA with custody services, compliance and regulatory research, and a basic level of security research. In return for these services, which generally benefit all clients, Schwab is used as an institutional broker using competitive institutional brokerage fee schedules. MIA pays "hard-dollars" for research such as Ned Davis Research and Bloomberg LP.

Order aggregation/allocation: Allocations to accounts are based upon current open to buy positions of each portfolio as well as to the need of the portfolio based upon the characteristics of the individual security being allocated. Securities are aggregated when the accounts have the same underlying need for a particular investment. Allocations are made on a combination of the largest percentage cash position as well as the size limitation of the accounts. The ultimate allocations decision is made by the portfolio manager based upon all factors.

BROKERAGE PRACTICES CONTINUED

MIA will perform investment management service for various clients. Mercantile may, in its sole discretion, aggregate purchases or sales of any security, instruments or obligations affected for client accounts with purchase or sales, as the case may be, of the same security, instruments or obligations effected on the same day for the accounts of one or more of MIAs clients. Although such concurrent aggregations potentially could be either advantageous or disadvantageous to any one or more particular accounts, they will be effected only when Mercantile believes that to do so will be in the best interest of the affected accounts. When transactions are so aggregated, (a) the actual prices applicable to the aggregated transaction will be averaged, and each account participating in the aggregated transaction will be deemed to have purchased or sold its share of the security instrument or obligation involved at that average price and (b) all transaction costs incurred in the effecting the aggregate shall be shared on a pro rata basis among all accounts predicated in such broker/dealers that also furnish custody services may impose minimum transaction charges applicable to some of the particular accounts. When such concurrent aggregation occurs, the objective will be to allocate the executions in a manner that is deemed equitable to the accounts involved.

When allocating fixed income purchases, the manager will look at ...

- (a) % of assets available for investment,
- (b) average size of available security versus average position size of the individual account, and
- (c) amount of time account has waited for security investment.

REVIEW OF ACCOUNTS

◇ Periodic Reviews

- Daily: MIA will maintain up-to-date portfolios balanced against daily activity
- Weekly: Review cash allocations larger than agreed upon
- Monthly: Review overall security allocations
- Quarterly: Formalized security allocation exception report as to differing from target

◇ Review triggers

- Holding sold, purchased, reduced or added to all core accounts
- Allocation review triggers adjustment
- Cash review triggers purchases

◇ Regular reports

Schwab Institutional provides monthly portfolio statements to all clients. MIA provides quarterly portfolio statements. Schwab Institutional provides annual 1099 tax reporting.

◇ Pricing Policy:

Most of the valuations for individual securities will come from reliable sources of securities pricing. The majority of pricing will come from our data providers through Charles Schwab and downloads into our portfolio management system. Securities which are not priced at month's end will be first priced from sources supplied to MIA through Bloomberg LP. Securities not available from Bloomberg LP will be price based upon a pricing matrix based upon like securities in type, maturity and credit quality.

CLIENT REFERRALS AND OTHER COMPENSATION

Incoming referrals: MIA offers discounted fees to current clients who refer new clients – 50% of the first quarter's fee is used to reduce the referring client's management fee up to 100% of his quarterly fee.

Referrals out: MIA does not accept referral fees from other advisors.

Other compensation: MIA has no other compensation agreements.

CUSTODY

Account Statements: Custodian statements are provided monthly to all MIA accounts and MIA provides statements quarterly for comparison purposes. MIA does not take custody of a client's assets with the exception of our client authorizes MIA to deduct fees.

Performance Reporting: MIA provides individual account performance reports upon request.

INVESTMENT DISCRETION

Discretionary trading authority and Limited Power of Attorney: MIA manages securities and portfolios on behalf of our clients. Clients are asked to allow MIA to assume discretionary authority over these investment portfolios and the whole investment process.

Clients give MIA limited power of attorney (at time of inception) over their investment account to execute transactions (Buys and sells), to draw out our quarterly fees from the account and to vote proxy statements on their behalf. MIA declines full power of attorney over the funds because of current SEC custody rules.

VOTING CLIENT SECURITIES

MIA may encounter a material conflict in voting client proxies. MIA has a duty to recognize a material conflict and to resolve the conflict before voting the proxy. For purposes of this policy, material conflicts of interest are defined as those conflicts that, in the opinion of the Compliance Committee, a reasonable investor would view as important in making a decision regarding how to vote a proxy.

A. Examples of material conflicts include:

- (1) MIA provides investment management services to a company whose management is soliciting proxies; and
- (2) A MIA employee has a business or personal relationship (such as a close friend or spouse) with a member of executive management, a participant in the proxy contest, or a corporate director of the company.

B. Identifying Conflicts of Interest:

- (1) MIA maintains a listing of all material business conflicts of interests – those business relationships between the firm and other parties that are deemed to be material and may result in a conflict with respect to a future proxy contest. The firm's Compliance Administrator will maintain the list of material business conflicts.
- (2) All employees are required to disclose all personal and familial relationships that may present a material conflict of interest with respect to a future proxy contest. Employees who are unsure whether a relationship should be disclosed as a material conflict should consult the CCO for guidance.

C. Resolving Material Conflicts of Interest

Unless a client requests otherwise, MIA will take one of the following actions to insure the proxy voting decision is based on the client's best interests and is not a result of the conflict.

- (1) Engage an independent party to determine how to vote the proxy;
- (2) Vote in proportion to other shareholders;
- (3) Refer the proxy to a client or to a representative of the client for voting purposes; or
- (4) Disclose the conflict to the affected clients and seek their consent to vote the proxy prior to casting the vote.

FINANCIAL INFORMATION

Financial condition

Because MIA is not the custodian of securities it currently does not provide financial statements.

Financial statement on all custodians where the security is held are available upon request.

ADV II SUPPLEMENT

JOHN J. FORD, CFP™ — CHIEF INVESTMENT OFFICER

2650 Meacham Boulevard

Fort Worth, TX 76137

817 831-6133

John J. Ford (born 1948) resides with his wife (of 38 years) Kristin in Burleson Texas — Father of 3, Grandfather of 3 (so far).

EDUCATIONAL

B.A. Tarkio College (Missouri)

Wall Street Journal Scholastic Achievement Winner

M.B.A. University of Arkansas (Fayetteville)

U of N Texas Financial Planning Graduate (1998—2000)

CFP™ Board Certified Financial Planner (2000)

Required: Coursework Graduate Level:

Income Taxation

Estates and Trusts

Financial Planning

Investment Management

Risk Management & Insurance

Retirement & Employee Benefits

Ongoing Continuing Education:

150 hours of CE since 2000.

EXPERIENCE

Department Head: Funds Management / Cash Management —First National Bank, Missouri (1978–1985)

Division Head: Funds Management / Investment Portfolio Management —NorthPark National Bank, Dallas Texas (1985–1991)

Institutional Investment Management / Chief Investment Officer —Herbert R. Smith Incorporated (1991–2003)

Chief Investment Officer / Mercantile Investment Advisors (2003–current)

John has no legal or disciplinary events from the SEC or CFP Board of Standards. John is not actively engaged in other investment related businesses and receives no other compensation. Investment Committee decisions are used to oversee all investment management selections.

GLORIA BOHANNON, CRPC

Gloria (born 1953) is Vice President and responsible for asset allocation and managing client portfolios. She is a Chartered Retirement Counselor and has been a part of our team since 1981.

In 2004, she completed the CFP Certification Program at the University of North Texas with a total of 92 hours in Financial Planning, Tools & Techniques of Employee Benefits, Fundamentals of Estate Planning, Risk Management & Insurance, Fundamentals of Investing, and Federal Income Taxation. After completing a one year course of study with the College of Financial Planning focusing on the retirement planning process, Gloria received the Chartered Retirement Planning Counselor designation in 2009.

Helping to launch two proprietary mutual funds in the 1980s and being responsible for their administration and investments gives Gloria broad-based experience and understanding of mutual funds and equity markets. Working in a fiduciary capacity for individuals, trusts, foundations and institutions, she continues to serve our clients well. Gloria has no legal or disciplinary events from the SEC.

Is your money working as hard for you as it was for you to earn it?

Mercantile Advisors I, LLC is a firm dedicated to providing professional investment management and advisory services to a wide range of individual, family, trust, foundation, corporations and retirement plans. We are not brokers, and therefore our transactions are not commission driven. As a fee-only advisor, MIA provides unbiased investment advice and management so the client can have confidence in both the process and results of professional money management.

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