

## **Firm Brochure**

(Part 2A of Form ADV)



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This brochure provides information about the qualifications and business practices of Mackensen & Company. If you have any questions about the contents of this brochure, please contact us at 603-926-1775, or by email at [info@mackensen.com](mailto:info@mackensen.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 Mackensen & Company is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 - Material Changes

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### Annual Update

Mackensen & Company, Inc. updates this Material Changes section when information has changed since the last release of the *Firm Brochure*.

In this “Summary of Material Changes,” we discuss only the material changes since the last annual update, which was March 24, 2014.

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### Material Changes Since the Last Update

The following personnel changes are reflected in Part 2B, Brochure Supplement (pages 18-23):

Educational background, business experience and disciplinary history information was added for Steven T. Stokes, CFA, CFP®, who joined the firm as a Financial Planner\Municipal Client Advisor in June of 2015.

Supplemental background information for Warren J. Mackensen was removed from the Brochure Supplement due to his retirement from the firm on June 30, 2015.

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### Full Brochure Available

To receive a complete copy of our *Firm Brochure*, please contact us by telephone at 603-926-1775 or by email: [info@mackensen.com](mailto:info@mackensen.com).

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## Item 4 - Advisory Business

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### Firm Description

Mackensen & Company, Inc., ("Mackensen & Company," "the Company," "the Firm" or "we") was founded in 1991.

We provide personalized, confidential financial planning and investment management to individuals, high net worth individuals, pension and profit sharing plans, trusts, estates, charitable organizations, municipalities and small businesses. We provide advice, through consultation with the client, which may include determination of financial objectives, identification of financial problems, cash flow management, tax planning, insurance review, investment management, education funding, retirement planning, and estate planning.

Mackensen & Company is strictly a fee-only financial planning and investment management firm. We do not sell annuities, insurance, stocks, bonds, mutual funds, limited partnerships, or other commissioned products. We are not affiliated with entities that sell financial products or securities. We do not accept commissions in any form nor do we accept finder's fees.

We provide investment advice to clients who frequently delegate the authority to place trades for them without further consultation. We also work with clients who retain the final decision on investment selection. Mackensen & Company does not act as a custodian of client assets. The client always maintains asset control. Mackensen & Company places trades for clients under a limited power of attorney.

The investment strategy for a client is based on the objectives the client stated during consultations. The client may change these objectives at any time.

We send each client a written evaluation of the client's initial situation, often in the form of a net worth statement or portfolio statement. We communicate the results of periodic reviews to remind clients of the specific courses of action that they need to take. Although we conduct more frequent reviews, we do not necessarily contact the client unless we recommend immediate changes.

On an as-needed basis we may recommend that clients directly engage the services of other professionals (e.g., lawyers, accountants, insurance agents, etc.). In the event of a conflict of interest we will disclose this to the client. We consider the initial meeting, which may be by telephone, to be an exploratory interview to determine the extent to which financial planning and investment management may be beneficial to the client. This initial meeting is free of charge.

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**Principal Owners**

David T. Mayes is the sole shareholder of Mackensen & Company, Inc., stock.

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**Types of Advisory Services**

Mackensen & Company provides investment supervisory services, also known as asset management services, and furnishes investment advice through consultations. On more than an occasional basis, we furnish advice to clients on matters not involving securities, typically financial planning matters, taxation issues, and trust services that often include estate planning. Client relationships vary in scope and length of service.

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**Tailored Relationships**

Financial planning and investment recommendations are designed to be specific to the each client's unique goals and circumstances using all available information. Tailored advice is achieved, in part, by documenting each client's goals and objectives in our client relationship management system and through creation of investment policy statements that reflect the client's specific investment objectives. A client may impose restrictions on investing in certain securities or types of securities.

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**Assets Under Management**

As of February 28, 2015, Mackensen & Company manages approximately \$165.0 million in assets: approximately \$155.9 million on a discretionary basis and \$9.1 million on a non-discretionary basis. We serve approximately 130 clients in 16 states.

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**Types of Agreements**

Mackensen & Company uses a number of client agreements to accommodate the wide array of client services. We do not assign agreements without client consent. We explain the conditions for each type of relationship and the associated fees in the following sections.

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**Comprehensive Financial Agreement**

Most clients choose to have Mackensen & Company manage their assets to obtain ongoing in-depth advice and life planning. We review all aspects of the client's financial affairs so we can set realistic and measurable goals and define strategies to reach those goals. As goals and objectives change over time, new strategies are reviewed and implemented.

Before starting a relationship with a client, we state, in writing, the scope of work and fee for a *Comprehensive Financial Agreement*. A *Comprehensive Financial Agreement* includes guidance on cash flow management; insurance review; investment management (including performance reporting); education planning; retirement planning; estate planning; and advice on income, estate, and trust tax issues, as well as the implementation of recommendations within each area.

As an integral part of the *Comprehensive Financial Agreement* we perform tax preparation work. We file eligible federal and applicable state returns electronically without an additional fee.

The annual *Comprehensive Financial Agreement* fee is based on a percentage of the investable assets according to the following schedule:

- 1.75% on the first \$200,000;
- 1.5% on the next \$300,000 (from 200,001 to 500,000);
- 1.0% on the next \$500,000 (from 500,001 to 1,000,000); and
- 0.5% on the assets above \$1,000,000.

The minimum annual fee is \$3,500 and is not negotiable. Current client relationships may exist where the fees are higher or lower than the fee schedule above.

We bill quarterly, in arrears. Payment in full is due upon invoice presentation. To facilitate billing we usually deduct fees from a designated client account. Clients must consent in advance to direct billing of their accounts.

A *Comprehensive Financial Agreement* is an ongoing agreement. The length of service to the client is at the client's discretion.

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### **Hourly Financial Planning Agreement**

*Hourly Financial Planning Agreements* are appropriate when a client's needs are more limited in scope and the client desires to implement recommendations without ongoing support. Under this type of relationship, we design a financial plan to help you with a variety of personal financial matters. The financial plan may include a net worth statement; a cash flow statement; a review of investment accounts, including reviewing asset allocation and providing repositioning recommendations; strategic tax planning; a review of retirement accounts and plans including recommendations; a review of insurance policies and recommendations for changes, if necessary; one or more retirement scenarios; estate planning review and recommendations; and education planning with funding recommendations.

We provide detailed investment advice and specific recommendations as part of a financial plan. Implementation of the recommendations is at the discretion of the client.



The fee for a financial plan is based on the facts known at the start of the engagement and is priced based on an hourly rate of \$200. The total cost will vary with the degree of complexity associated with the client's situation. The typical fee range for a financial planning engagement is \$800 - \$3,600. An estimate of the total cost of a planning engagement is provided at the end of a complimentary initial meeting.

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### **Retainer Agreement**

In some circumstances, we execute a *Retainer Agreement* instead of a *Comprehensive Financial Agreement* when it is more appropriate to work on a fixed-fee basis. We price *Retainer Agreements* based on the complexity of the work, especially when asset management is not the most significant part of the relationship. The client determines whether or not tax preparation is included in the *Retainer Agreement*. A *Retainer Agreement* is an ongoing agreement. There is no minimum annual fee for a *Retainer Agreement*. The length of service to the client is at the client's discretion.

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### **Non-Profit Investment Management Agreement**

A *Non-Profit Investment Management Agreement* is executed when the firm provides investment management and consulting services to qualified 501(c)(3) charities and other non-profit entities.

The annual fee under this agreement is based on a percentage of assets as follows:

- 0.50% on the first \$5,000,000;
- 0.40% on the next \$5,000,000 (from 5,000,001 to 10,000,000);
- 0.30% on the next \$5,000,000 (from 10,000,001 to 15,000,000); and
- 0.20% on the assets above \$15,000,000.

*Non-Profit Investment Management Agreements* are ongoing agreements. The length of service to the client is at the client's discretion.

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### **Municipal Investment Management Agreement**

Trustees of trust funds and library trustees in New Hampshire execute a *Municipal Investment Management Agreement* for investment management and bookkeeping services. The fee schedule is not negotiable.

The annual fee is based on a percentage of assets as follows:

- 0.50% on the first \$5,000,000;
- 0.40% on the next \$5,000,000 (from 5,000,001 to 10,000,000);
- 0.30% on the next \$5,000,000 (from 10,000,001 to 15,000,000); and
- 0.20% on the assets above \$15,000,000.

An additional fee of 0.1% of assets under management is charged for custom investment policies. Trust fund bookkeeping services are provided as part of the *Agreement*. A *Municipal Investment Management Agreement* is an ongoing agreement. The length of service to the client is at the client's discretion.

Towns and libraries with less than \$200,000 of trust funds and capital reserve funds (combined) assets are charged a fixed bookkeeping fee of \$1,000 per year, which includes asset management and bookkeeping services.

The Company may waive investment management fees on new municipal capital reserve fund accounts until May 31, 2016, at our sole discretion.

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**Tax Preparation Agreement**

We charge an hourly rate of \$150 for tax preparation work performed separately from a *Comprehensive Financial Agreement* or a *Retainer Agreement*. The minimum fee for tax preparation is \$300. We file eligible federal and applicable state returns electronically without an additional fee.

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**Asset Management**

Using discount brokers or mutual fund companies, we invest assets primarily in no-load mutual funds and exchange-traded funds (ETFs). Fund companies charge each fund shareholder an investment management fee that is disclosed in the fund prospectus. Discount brokerages may charge a transaction fee for the purchase of some funds.

With client direction, we may purchase or sell individual stocks and bonds in the client's brokerage account at the qualified custodian where the client has an account with us. The custodian charges a transaction fee for stock and bond trades. We do not receive any compensation in any form from custodians.

Investments may include equities (stocks), warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, investment company securities (variable life insurance, variable annuities, and mutual funds shares), U. S. government securities, options contracts, futures contracts, and interests in partnerships.

Initial public offerings (IPOs) are not available through us.

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**Termination of Agreement**

Mackensen & Company may terminate any of the aforementioned agreements at any time by notifying the client in writing. If the client made an advance payment, we will refund any unearned portion of the advance payment within ten days.

We reserve the right to terminate any financial planning engagement where a client has willfully concealed or has refused to provide pertinent information about financial situations when necessary and appropriate to provide proper financial advice.

A client may terminate any of the aforementioned agreements at any time by notifying Mackensen & Company in writing and paying the rate for the time spent on the engagement before notification of termination. If the client made an advance payment, we will refund any unearned portion of the advance payment within ten days.

## **Item 5 - Fees and Compensation**

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### **Description**

Mackensen & Company bases its fees on a percentage of assets under management, fixed fees or hourly charges. We describe fee details for each of the agreement types in their respective sections above.

We may, in our sole discretion, waive the minimum fee and/or charge a lesser investment advisory fee based on various criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, familial relationships, and other factors).

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### **Fee Billing**

We bill investment management fees quarterly, in arrears, meaning that we invoice clients after the three-month billing period has ended. Payment in full is due upon invoice presentation. To facilitate billing, we usually deduct fees from a designated client account. Clients must consent in advance to direct debiting of their accounts.

Fees for financial plans may be billed 50% in advance, with the balance due upon delivery of the financial plan.

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### **Other Fees**

Custodians may charge transaction fees on purchases or sales of certain mutual funds and exchange-traded funds. These transaction charges are usually small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security. We include complete details regarding custodians in this brochure under Brokerage Practices.

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### **Expense Ratios**

Mutual funds generally charge a management fee for their services as investment managers. The management fee is included in what is called an expense ratio. For example, an expense ratio of 0.30 means that the mutual fund company charges 0.3% for its services. Clients incur these fees indirectly in addition to the fees they pay directly to Mackensen & Company.

Mutual fund companies deduct their fees before calculating and quoting performance figures in various publications.

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**Past Due Accounts**

We reserve the right to stop work on any account that is more than 30 days overdue.

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**Fee Refund Calculations**

If a client terminates an ongoing money management agreement, such as a *Comprehensive Financial Agreement*, *Retainer Agreement*, *Non-Profit Investment Management Agreement* or *Municipal Investment Management Agreement*, we will prorate fees for the portion of the billing quarter completed. As the basis for computing fees, we use the portfolio value at the completion of the prior full billing quarter adjusted for the number of days during the billing quarter before termination.

To the extent that we have not expended time against the fee paid in advance, we will refund fees associated with other agreements (*Financial Planning Agreement*, *Tax Preparation Agreement*, and *Hourly Planning Agreement*) if a client chooses to terminate the agreement. We will provide refunds within ten days of termination.

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

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**Sharing of Capital Gains**

We do not base fees on a share of the capital gains or capital appreciation of managed securities. Accordingly, there is no side-by-side management where some clients pay fees based on investment performance while other clients pay fees based on assets or retainers.

Mackensen & Company does not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for the advisor to recommend an investment that may carry a higher degree of risk to the client.

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

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**Description**

Primary emphasis is on individuals, high net worth individuals, trusts, municipalities and small businesses. Clients may also include pension and profit sharing plans, estates, charitable organizations, corporations or other business entities.

Client relationships vary in scope and length of service.

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**Personal Account Minimum**

The minimum total portfolio size (comprising all of the client's accounts) for a personal investment management relationship is \$200,000 of assets under management, which equates to an annual fee of \$3,500.

If the total portfolio falls below \$200,000 in value, we charge the minimum annual fee of \$3,500. Depending on circumstances, Mackensen & Company may sign an *Hourly Financial Planning Agreement* or *Retainer Agreement* with the client if assets diminish significantly below \$200,000.

We may waive the total portfolio minimum size requirement at our discretion. If the client and the advisor anticipate the client will add funds to the total portfolio bringing the total to \$200,000 within a reasonable time, we may accept total portfolios of less than \$200,000. Other exceptions will apply to employees of Mackensen & Company and their relatives, or relatives of existing clients.

Asset management services have a tiered fee structure, which means that clients with lesser assets will pay a higher percentage rate on their annual fees than clients with greater assets under management will pay.

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**Non-Profit Account Minimum**

The minimum account size and fee for a non-profit entity may be discounted or waived at our discretion.

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

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**Methods of Analysis**

Security analysis methods may include charting, fundamental analysis, technical analysis, and cyclical analysis.

The main sources of information are financial newspapers and magazines, tax-related subscriptions, inspection of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses, filings with the SEC, and company press releases.

Other sources of information that Mackensen & Company may use include Morningstar Principia research information, research from Charles Schwab & Company and Fidelity Institutional Wealth Services, Advisor Intelligence, and the World Wide Web.

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## **Investment Strategies**

The primary investment strategy used on client accounts is strategic asset allocation using a core-satellite approach. This means that we use passively-managed index and exchange-traded funds as the core investments, and then add actively-managed funds where we perceive there are greater opportunities to make a difference. Portfolios are globally diversified to control the risk associated with U.S. markets alone.

The investment strategy for a specific client is based on the objectives the client states during consultations. The client may change these objectives at any time. Each client executes an Investment Policy Statement that documents their objectives and their desired investment strategy.

Other strategies may include long-term purchases, short-term purchases, trading, short sales, margin transactions, futures contracts, and option writing (including covered options, uncovered options or spreading strategies).

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## **Risk of Loss**

All investment programs are subject to risks. With our investment approach we constantly keep the risk of loss in mind. Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. External factors independent of a security's particular underlying circumstances cause this type of risk. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar next year will not buy as much as a dollar today, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This risk primarily relates to fixed income securities such as certificates of deposit and bonds.

- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity in all economic environments.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk to profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

## Item 9 - Disciplinary Information

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### Legal and Disciplinary

Mackensen & Company and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

## Item 10 - Other Financial Industry Activities and Affiliations

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### Financial Industry Activities

Mackensen & Company prepares tax returns. We spend about 15% of the time on tax-related issues during the year. Frequently, we include tax preparation fees in a *Comprehensive Financial Agreement* or *Retainer Agreement*.

Mackensen & Company, Inc., is a shareholder of National Advisors Holdings, Inc. ("NAH"), a Delaware corporation organized in August of 1998. The Company holds a minority interest (less than 1%) of the outstanding stock of NAH. NAH formed a federal trust company known as National Advisors Trust Company, which provides trust services to clients of investment advisory firms, such as Mackensen & Company, across the United States. National Advisors Trust Company is an FDIC-insured Federal Savings Bank and is regulated by the Office of the Comptroller of the Currency ("OCC") in Washington, DC.

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### Affiliations

There are no activities or affiliations with broker-dealers.

David T. Mayes is a Member of the National Association of Personal Financial Advisors (NAPFA), the fee-only association in the U.S.

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

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### **Code of Ethics**

The employees of Mackensen & Company have committed to a Code of Ethics that is available for review by clients and prospective clients upon request.

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

Mackensen & Company and its employees may buy or sell securities that are also held by clients. Employees may not trade their own securities ahead of client trades. Employees comply with the provisions of the Mackensen & Company *Compliance Manual*.

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### **Personal Trading**

The Chief Compliance Officer of Mackensen & Company is David T. Mayes. He reviews all employee trades each quarter. The personal trading reviews ensure that the personal trading of employees does not affect the markets, and that clients of the firm receive preferential treatment. Since most employee trades are small mutual fund trades or exchange-traded fund trades, the trades do not affect the securities markets.

## **Item 12 - Brokerage Practices**

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### **Selecting Brokerage Firms**

Mackensen & Company is an advisor with Schwab's Institutional Service Group, Fidelity's Institutional Wealth Services, and National Advisors Trust Company. The first two entities are discount brokerages and the latter is a trust company. All three are qualified custodians. Mackensen & Company does not receive fees or commissions through these advisory relationships. These custodians generally do not provide referrals or proprietary research, so there is no incentive to recommend one custodian over another.

We recommend custodians based on the proven integrity and financial responsibility of the firm, the investment offerings and the best execution of orders at reasonable transaction costs. When trusts require principal and income accounting, or a corporate trustee, we often recommend National Advisors Trust Company.



The client approves the custodian to be used and the commission rates paid to the custodian. Mackensen & Company does not receive any portion of the transaction fees or commissions paid by the client to the custodian.

Mackensen & Company does not have any affiliation with product sales firms.

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**Best Execution**

We strive to provide the best available execution of trades for our clients. Best execution includes the selection of custodians, speed and quality of execution, as well as costs. We review each custodian's execution of trades quarterly, including the trading fees that the custodians charge. We do not receive any portion of the trading fees. We document the review in the Mackensen & Company *Compliance Manual*.

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**Soft Dollars**

Mackensen & Company receives a software maintenance credit of about \$800 per year from Charles Schwab & Company because Schwab is the custodian for some client assets. This credit offsets annual maintenance fees for our portfolio management software, which is licensed to us by Schwab Performance Technologies for use on all client portfolios. All clients benefit from this credit as it reduces our overall expenses. This nominal credit does not influence the selection of Charles Schwab & Company as a custodian for clients.

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**Order Aggregation**

Most trades are mutual funds or exchange-traded funds where trade aggregation does not garner any client benefit.

## Item 13 - Review of Accounts

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**Periodic Reviews**

Advisors David T. Mayes, EA, CFP®, Steven T. Stokes, CFA, CFP®, or Jared H. Brock review portfolio accounts quarterly. If market conditions dictate, portfolio accounts are reviewed more frequently. Each advisor reviews the accounts of no more than 100 clients.

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**Review Triggers**

In addition to periodic reviews, conditions that may also trigger a review are changes in the tax laws, new investment information, market performance, and changes in a client's personal situation.

Clients who have received a personal financial plan in the past and are an inactive client (no current fees) must call our office to trigger a review or update.

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**Regular Reports**

Portfolio account reviewers are members of the firm's Investment Committee. The Committee considers the client's current security positions and the likelihood that the performance of each security will contribute to the investment objectives of the client in the future.

At least annually, we provide clients periodic communications. We update clients quarterly under *Comprehensive Financial Agreements*, *Municipal Investment Management Agreements*, *Non-Profit Investment Management Agreements* and *Retainer Agreements*. The updates may include a net worth statement, portfolio statement, tax return (if the client requests tax preparation services), and a summary of objectives and progress towards meeting those objectives.

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

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**Incoming Referrals**

Mackensen & Company has been fortunate to receive many referrals over the years. The referrals came from current clients, estate planning attorneys, accountants, employees, personal friends of employees and other similar sources. We do not compensate referring parties for these referrals.

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**Referrals to Other Professionals**

Mackensen & Company does not accept referral fees or any form of remuneration from other professionals when we refer a prospect or a client to them.

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**Other Compensation**

None

## **Item 15 - Custody**

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**General**

Mackensen & Company avoids custody of client assets by using qualified custodians. When a trusteeship is required, or when principal and income accounting is necessary, we recommend National Advisors Trust Company to serve as the custodian and corporate trustee. The client must pay trustee fees directly to National Advisors Trust when it is serving as corporate trustee. We provide the client with a current trustee fee schedule when National Advisors Trust Company is engaged. Clients may benefit by using a corporate trustee because a corporate trustee is impartial and has no inherent mortality.

From time to time, an employee of Mackensen & Company may serve as a trustee of a trust or an estate for a related person, and we may act as the investment advisor to that trust or estate. Familial situations of this nature do not require an annual surprise audit of the affected accounts by an independent CPA firm.

When a client needs bill-paying services, we recommend an unaffiliated local bookkeeping company.

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**Account Statements**

Qualified custodians hold all assets, which means that the custodians mail account statements, or send email notifications that account statements are available, at least quarterly.

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**Performance Reports**

We encourage clients to compare the account statements received directly from their custodians to the performance report statements provided by Mackensen & Company.

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**Net Worth Statements**

Our client relationship management system generates net worth statements and net worth graphs, which we frequently provide to clients. Net worth statements contain approximations of bank account balances provided by the client, as well as the value of land, real estate and personal use assets such as vehicles and boats. We use net worth statements for long-term financial planning where the exact values of personal assets are not significantly material to the financial planning tasks.

## **Item 16 - Investment Discretion**

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**Discretionary Authority for Trading**

Mackensen & Company accepts discretionary authority to manage securities accounts on behalf of clients.

The client approves the custodian to be used and the commission rates paid to the custodian. We do not receive any portion of the transaction fees or commissions the client pays to the custodian on trades.

Discretionary trading authority facilitates placing trades in clients' accounts on their behalf so that we may promptly implement the investment policy that they have approved in writing.

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**Limited Power of Attorney**

A limited power of attorney is a trading authorization for this purpose. The client signs a limited power of attorney so that we may execute the trades on the client's behalf. We have the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. However, we consult with the client before each trade to obtain concurrence if the client has not given us a blanket trading authorization.

**Item 17 - Voting Client Securities**

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**Proxy Voting**

Mackensen & Company accepts authority to vote client proxies upon request of the client. The client must provide the proxy to Mackensen & Company in order to vote the proxy. We will vote for the best economic interest of the client.

Clients may vote the proxies themselves. When clients request assistance on voting proxies, we will provide recommendations to the client. If a conflict of interest exists, we will disclose the conflict to the client, along with a recommended resolution.

We maintain an electronic record of each proxy voted by Mackensen & Company. The client may obtain information about the proxy vote by calling the office.

Clients may also obtain our proxy voting policy by calling the office.

**Item 18 - Financial Information**

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**Financial Condition**

Mackensen & Company does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

We are not required to provide a balance sheet for Mackensen & Company because we do not serve as a custodian for client funds or securities, and we do not require prepayment of fees of more than \$1,200 per client and six months or more in advance.

## Miscellaneous Information

### Business Continuity Plan

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#### General

Mackensen & Company has a business continuity plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people.

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#### Disasters

The business continuity plan covers natural disasters such as snow storms, hurricanes, tornados, and flooding. The plan covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, telephone communications outage, Internet outage, railway accident and aircraft accident. We back up and encrypt electronic files daily and store them off site.

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#### Alternate Offices

We have identified two alternate offices to support ongoing operations if the main office is unavailable. We will contact all clients within five days of a disaster that dictates moving our office to an alternate location.

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#### Loss of Key Personnel

Mackensen & Company has a Business Continuation Agreement with another fee-only financial planning firm in New Hampshire to support the Company in the event of David T. Mayes's serious disability or death.

### Information Security Program

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#### Information Security

Mackensen & Company maintains an information security program to minimize the risk that your personal and confidential information may be breached.

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#### Privacy Notice

Mackensen & Company is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us.

The categories of nonpublic information that we collect from you may include information about your personal finances, information about your health to the extent that it is needed for the financial planning process, information about transactions between you and third parties, and information from consumer reporting agencies, e.g., credit reports. We use this information to help you meet your personal financial goals.

With your permission, we disclose limited information to attorneys, accountants, and mortgage lenders with whom you have established a relationship. You may opt out from our sharing information with these nonaffiliated third parties by notifying us at any time by telephone, mail, fax, email, or in person. With your permission, we share a limited amount of information about you with your brokerage firm in order to execute securities transactions on your behalf.

We maintain a secure office to ensure that your information is not placed at unreasonable risk. We employ a firewall barrier, secure data encryption techniques and authentication procedures in our computer environment.

We do not provide your personal information to mailing list vendors or solicitors. We require strict confidentiality in our agreements with unaffiliated third parties that require access to your personal information, including financial service companies, consultants, and auditors. Federal and state securities regulators may review our Company records and your personal records as permitted by law.

Personally identifiable information about you will be maintained while you are a client, and for the required period thereafter that records are required to be maintained by federal and state securities laws. After that time, we may destroy information.

We will notify you in advance if we expect our privacy policy to change. We are required by law to deliver this *Privacy Notice* to you annually, in writing.

# Brochure Supplement

(Part 2B of Form ADV)

## Supervised Persons

David T. Mayes, Steven T. Stokes, and Jared H. Brock



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800-927-7365  
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[www.mackensen.com](http://www.mackensen.com)  
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July 31, 2015

This Brochure Supplement provides information about David T. Mayes, EA, CFP®; Steven T. Stokes, CFA, CFP®; and Jared H. Brock that supplements the Mackensen & Company Firm Brochure. You should have received a copy of that brochure. Please contact Mackensen & Company if you did not receive Mackensen & Company's Firm Brochure or if you have any questions about the contents of this Brochure Supplement.

Additional information about David T. Mayes, EA, CFP®; Steven T. Stokes, CFA, CFP®; and Jared H. Brock is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## **Education and Business Standards**

Mackensen & Company requires that advisors in its employ have a college degree and further coursework in disciplines related to personal financial planning and investment management, or significant work experience related to personal financial planning and investment management. Examples of acceptable coursework include an MBA, a CFP®, a CFA, a ChFC, JD, CTFA or CPA.

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## **Professional Certifications**

Employees have earned certifications and credentials that are required to be explained in further detail.

Certified Financial Planner (CFP®): CERTIFIED FINANCIAL PLANNER practitioners are licensed by the Certified Financial Planner Board of Standards, Inc., to use the CFP® mark. CFP® certification requirements are as follows:

- Bachelor's degree from an accredited college or university.
- Completion of the financial planning education requirements set by the CFP Board ([www.cfp.net](http://www.cfp.net)).
- Successful completion of the 10-hour CFP® Certification Exam.
- Three-years of qualifying full-time work experience.
- Successfully pass the Candidate Fitness Standards and background check.

Enrolled Agent (EA): Enrolled Agents are enrolled by the Internal Revenue Service and authorized to use the EA designation. EA enrollment requirements:

- Successful completion of the three-part IRS Special Enrollment Examination (SEE), or completion of five years of employment by the IRS in a position that regularly interpreted and applied the tax code and its regulations.
- Successfully pass the background check conducted by the IRS.

Chartered Financial Analyst (CFA®): Chartered Financial Analyst charterholders are licensed by the CFA Institute to use the CFA mark. CFA certification requirements are as follows:

- Hold a bachelor's degree from an accredited institution or have equivalent education or work experience.
- Successful completion of all three exam levels of the CFA Program.
- Have 48 months of acceptable professional work experience in the investment decision-making process.



- Fulfill society requirements, which vary by society. Unless you are upgrading from affiliate membership, all societies require two sponsor statements as part of each application; these are submitted online by your sponsors.
- Agree to adhere to and sign the Member's Agreement, a Professional Conduct Statement, and any additional documentation requested by CFA Institute.

Chartered Retirement Planning Counselor (CRPC®): The College for Financial Planning awards the Chartered Retirement Planning Counselor professional designation. The requirements to receive and maintain the designation are as follows:

- Completion of the assigned course of study.
- Pass a final comprehensive examination.
- Compliance with the Code of Ethics, including Standards of Professional Conduct.
- Completion of 16 hours of continuing education every two years.

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**David T. Mayes, EA, CRPC®, CFP®**

**Educational Background:**

- Institutions:
  - Bachelor of Science degree in Economics, University of Illinois (1989)
  - Master of Arts in Economics, University of NH (1990)
  - Ph. D. Candidate at The University of Tennessee, Knoxville (1995)
- Credentials:
  - IRS Enrolled Agent (2003)
  - Chartered Retirement Planning Counselor (2003)
  - Certified Financial Planner® Practitioner (2007)
- Licenses:
  - New Hampshire Life, Accident and Health Insurance and Property & Casualty Insurance Licenses

**Business Experience:**

- Taught economics and finance courses at Kennesaw State University in Kennesaw, GA (1998-1999)
- Consultant to state and local governments and the private sector in Tennessee, assisting them in estimating the economic and financial effects of business location decisions (1995-1998)
- The James Sterling Company, LLC, sole practitioner providing fee-only financial planning and tax services (2003)

- Financial Consultant, Granite Bank, Keene, NH, (2004)
- Financial Consultant, Mascoma Savings Bank, Lebanon, NH (2007-2008)
- Financial Planner, Mackensen & Company (2008 – present)

Disciplinary Information: None

Other Business Activities:

David serves as an elected Trustee of Trust Funds in the Town of Hampton Falls.

Additional Compensation: None

Supervision:

As the owner of Mackensen & Company, David T. Mayes has no immediate supervisor. However, he shares his work products with his fellow financial planners so that they may be familiar with his efforts in his absence. Additionally, he documents his work on the company file server and in the client relationship management system.

David's contact information:

Phone: 603-926-1775 Email: [david.mayes@mackensen.com](mailto:david.mayes@mackensen.com)

## **Steven T. Stokes, CFA, CFP®**

Educational Background:

- Institutions:
  - Bachelor of Science degree in Finance with a minor in Economics, SUNY, New Palz (1985)
- Credentials:
  - Chartered Financial Analyst® Charterholder (1991)
  - Certified Financial Planner® Practitioner (2004)

Business Experience:

- Mutual Fund Accountant, First Union\The Evergreen Funds (1986-1987)
- Equity Analyst, First Union\The Evergreen Funds (1987-1996)
- Vice President & Portfolio Manager, First Union\Evergreen Small Cap Equity Income Fund (1993-1996)
- Vice President & Portfolio Manager, Kemper Small Cap Value Fund (1996-1999)
- Senior Vice President & Portfolio Manager, Scudder Global Discovery Fund (1999-2002)
- Principal, JALS Investments\Aequitas Investments, LLC (2002-2015)
- Financial Planner & Municipal Client Advisor, Mackensen & Company Inc., (June 2015 – present)

Disciplinary Information: None

Other Business Activities: None

Additional Compensation: None

Supervision:

David T. Mayes, President, supervises Steven T. Stokes. He reviews Steven's work through frequent office interactions as well as electronic documentation. He also reviews Steven's activities through our client relationship management system.

David's contact information:

Phone: 603-926-1775 Email: [david.mayes@mackensen.com](mailto:david.mayes@mackensen.com)

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**Jared H. Brock**

Educational Background:

- Institutions:
  - Associates degree in Business, Dean College (2002)
- Licenses:
  - Series 7
  - Series 66
  - New Hampshire Life, Accident & Health Insurance

Business Experience:

- Transaction Specialist, Putnam investments (2002)
- Operations Analyst, Fidelity Investments (2002 – 2005)
- Financial Advisor, DCU/ Financial Network Investment Corporation, Marlborough, MA (2007 – 2008)
- Financial Advisor, Banc of America Investment Services, Inc., Waltham, MA (2008 – 2009)
- Internal Advisory Rep, LPL Financial Corporation, San Diego, CA (2010)
- Financial Advisor, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Los Angeles, CA (2010 – 2011)
- Investment Advisor, E\*Trade Securities, LLC, San Diego, CA (2011)
- Financial Advisor, Chase Investment Services Corp., La Jolla, CA (2011 – 2012)
- Wealth Manager, First Allied Securities, Inc., San Diego, CA (2012)
- Investment Advisor, Fidelity Brokerage Services, LLC, Seal Beach, CA (2012 – 2013)
- Associate Financial Planner, Mackensen & Company (2013 – present)

Disciplinary Information: None

Other Business Activities: None

Additional Compensation: None

Supervision:

David T. Mayes, President, supervises Jared H. Brock. He reviews Jared's work through frequent office interactions as well as electronic documentation. He also reviews Jared's activities through our client relationship management system.

David's contact information:

Phone: 603-926-1775 Email: [david.mayes@mackensen.com](mailto:david.mayes@mackensen.com)