

# ***JEFFREY N. MEHLER, CFP® LLC***

**Registered Investment Adviser**

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March 1, 2011

*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.*

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## **ADVISORY BUSINESS**

### **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®.

### **Services**

JNM provides the following investment advisory services:

#### **Investment Supervisory Services**

JNM provides Investment Supervisory Services, 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 have the opportunity to place reasonable restrictions on the types of investments which will be made on the client's behalf. Clients will retain individual ownership of all securities.

#### **Financial Planning Services**

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. The Company 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.

## **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.

## **Assets Under Management**

As of December 31, 2010, the total amount of client assets managed by the Company is approximately \$100M. Of this amount, \$20,000,000 are managed on a non-discretionary basis and \$80,000,000 are managed on a discretionary basis.

## **FEES AND COMPENSATION**

### **Investment Advisory Services Fees**

The annual fee for investment advisory services will be charged as a percentage of assets under management and generally ranges from 0.25% to 1.5% depending on the size and complexity of the client's account.

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.

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.

### **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. A minimum annual retainer of \$750 may be charged for ongoing financial planning services. Retainer fees are based on the anticipated complexity of the assignment and the amount of time expected to be required.

## **Financial Seminar Fees**

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

## **Important Additional Information**

### Fees Only

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).

### 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 2006 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.

### Direct Debiting of Client Accounts

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.

### 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 on page 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 12 of this disclosure brochure for additional information on brokerage and other transaction costs.

### **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

JNM does not accept performance-based fees (e.g., fees based on a share of capital gains on or capital appreciated of the assets in a client’s account).

### **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 Advisory Services

JNM requires new clients to have a minimum account size of \$400,000 for investment advisory 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.

## **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **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.

### **Investment Strategies**

JNM may utilize different investment strategies, based upon the needs of the client, including long-term purchases, short-term purchases, short sales, margin transactions and option writing.

### **Security Analysis**

The security analysis method employed by JNM is fundamental analysis.

### **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.

### **Risk**

#### In General

Investing in securities involves risk of loss that each client should be prepared to bear. Typical investment risks include market risk typified by a drop in a security's price due to a company specific event (e.g. unsystematic risk), or general market activity (e.g., systematic risk). In addition, certain strategies may impose more risk than others. For example, with fixed income securities, a period of rising interest rates could erode the value of bond since bond values generally fall as bond yields rise. Investment risk with international equities also includes fluctuation in currency values, differences in accounting and economic and political instability.

#### Mutual Funds and Exchange Traded Funds (ETFs)

Equity-based mutual funds and exchange traded funds are subject to risks similar to those of stocks. If the stock tracked within a mutual fund or ETF decline due to weakening fundamentals, crumbling technical support, global events, or any other market fluctuations, the value of the mutual fund or ETF will go down. Fixed income-based mutual funds and ETFs are subject to risks similar to those of bonds

such as increasing interest rates. Investment returns will fluctuate and are subject to market volatility, so that an investor's mutual fund or ETF shares, when redeemed or sold, may be worth more or less than their original cost.

### 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.

### Margin Transactions

When buying stocks on margin, you are employing leverage as an investing strategy. Leverage allows you to extend your financial reach by investing using borrowed funds while limiting the amount of your own cash you expend. Please note, however, that this can involve a high degree of risk. Some of these risks include:

- Losing more money than you have invested;
- 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
- Having your brokerage firm sell some or all of your securities without consulting you to pay off the loan it made to you.

### 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.

### **DISCIPLINARY HISTORY**

JNM has never been disciplined by a regulatory agency.

### **OTHER FINANCIAL INDUSTRY ACTIVITIES AND 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.

### **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.

## **BROKERAGE PRACTICES**

### **Broker Selection**

#### Investment Advisory Services

JNM will generally recommend that clients utilize the brokerage and clearing services of TD Ameritrade , Charles Schwab & Company, Inc. and/or National Advisors Trust for investment advisory 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 TD Ameritrade , Charles Schwab and Company, Inc. 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 may recommend that clients establish brokerage accounts with certain registered broker-dealers to maintain custody of clients' assets and to effect trades for their accounts. Any such broker-dealer is not affiliated with JNM. These broker-dealers may provide JNM with access to its institutional trading and operations services, which are typically not available to retail investors. These services may include research, brokerage, custody, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

These broker-dealers may also 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. 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 aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of JNM's



fees from its clients' accounts, and assist with back-office support, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of JNM's accounts, including accounts not maintained at the specific broker-dealer that is offering this particular service. These broker-dealers also provide JNM with other services intended to help JNM manage and further develop its business enterprise. These services may include consulting, publications, conferences and presentations on practice management, information technology, business succession, regulatory compliance, and marketing.

In addition, these broker-dealers may make available, arrange and/or pay for these types of services to JNM by independent third parties. These broker-dealers 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 JNM. While as a fiduciary JNM endeavors to act in its clients' best interests, JNM's recommendation that clients maintain their assets in accounts with these broker-dealers 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 these broker-dealers which may create a conflict of interest.

## **Directed Brokerage**

### Company Directed Brokerage

While clients may execute transactions through any broker of their choice, JNM may recommend any one of several brokers, including TD Ameritrade , Charles Schwab & Company, Inc. 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 the Company 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.

## **Trade Aggregation/Allocation**

### Investment Advisory 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.

### **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.

## **REVIEW OF ACCOUNTS**

### **Investment Advisory Services**

#### Reviews

Managed accounts are reviewed no less than quarterly. Financial planning accounts are reviewed annually. 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

Financial Planning clients 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.

## CLIENT REFERRALS AND OTHER COMPENSATION

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

## CUSTODY

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.*

### 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 an 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.

## **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.

## **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. 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.

## **FINANCIAL INFORMATION**

### **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.

### **Financial Condition**

JNM does not have any adverse financial conditions to disclose.

### **Bankruptcy**

JNM has never been the subject of a bankruptcy petition.

## **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.

## **CLIENT COMPLAINTS**

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