

## **JAXON ADVISORS, LLC**

*a Registered Investment Adviser*

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TBD

This brochure provides information about the qualifications and business practices of Jaxon Advisors, LLC (hereinafter “Jaxon Advisors” or the “Firm”). If you have any questions about the contents of this brochure, please contact the Firm at the telephone number listed above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. Additional information about the Firm is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The Firm is a registered investment adviser. Registration does not imply any level of skill or training.

**Item 2. Material Changes**

In this Item, Jaxon Advisors is required to discuss any material changes that have been made to the brochure since the last annual amendment. There are no such material changes to disclose.

### Item 3. Table of Contents

Item 2. Material Changes .....	2
Item 3. Table of Contents .....	3
Item 4. Advisory Business .....	3
Item 5. Fees and Compensation .....	5
Item 6. Performance-Based Fees and Side-by-Side Management .....	7
Item 7. Types of Clients .....	7
Item 8. Methods of Analysis, Investment Strategies and Risk of Loss .....	7
Item 9. Disciplinary Information .....	11
Item 10. Other Financial Industry Activities and Affiliations .....	11
Item 11. Code of Ethics .....	11
Item 12. Brokerage Practices .....	12
Item 13. Review of Accounts .....	15
Item 14. Client Referrals and Other Compensation .....	16
Item 15. Custody .....	16
Item 16. Investment Discretion .....	17
Item 17. Voting Client Securities .....	17
Item 18. Financial Information .....	18

### Item 4. Advisory Business

Jaxon Advisors offers a variety of advisory services, which include financial planning, consulting, and investment management services. Prior to Jaxon Advisors rendering any of the foregoing advisory services, clients are required to enter into one or more written agreements with Jaxon Advisors setting forth the relevant terms and conditions of the advisory relationship (the “Advisory Agreement”).

Jaxon Advisors filed for registration as an investment adviser in November 2017 and is wholly owned by Interim Holdings, LLC. As of the date of this filing, Jaxon Advisors does not have any assets under management; however, the Firm reasonably expects to be eligible for registration with the SEC within 120 days of approval as an investment adviser.

While this brochure generally describes the business of Jaxon Advisors, certain sections also discuss the activities of its Supervised Persons, which refer to the Firm's officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees or any other person who provides investment advice on Jaxon Advisors's behalf and is subject to the Firm's supervision or control.

### **Financial Planning and Consulting Services**

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Jaxon Advisors offers clients a broad range of financial planning and consulting services, which includes retirement planning, education planning, estate planning, tax planning and cash flow planning. These services are generally only rendered in conjunction with investment portfolio management as part of a comprehensive wealth management engagement (described in more detail below). In addition, clients may engage the Firm to consult regarding real estate deals or other investments that are sourced by the client and not a Firm recommendation.

In performing these services, Jaxon Advisors is not required to verify any information received from the client or from the client's other professionals (e.g., attorneys, accountants, etc.) and is expressly authorized to rely on such information. Jaxon Advisors recommends certain clients engage the Firm for additional related services and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists for the Firm to recommend that clients engage Jaxon Advisors or its affiliates to provide (or continue to provide) additional services for compensation, including investment management services. Clients retain absolute discretion over all decisions regarding implementation and are under no obligation to act upon any of the recommendations made by Jaxon Advisors under a financial planning or consulting engagement. Clients are advised that it remains their responsibility to promptly notify the Firm of any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Jaxon Advisors's recommendations and/or services.

### **Wealth Management Services**

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Jaxon Advisors provides clients with wealth management services which includes the financial planning and consulting services described above, as well as discretionary and/or non-discretionary management of investment portfolios.

Jaxon Advisors primarily allocates client assets among various mutual funds, exchange-traded funds ("ETFs"), and individual debt and equity securities in accordance with their stated investment objectives. In addition, Jaxon Advisors also recommends that certain eligible clients invest in privately placed securities, which may include debt, equity and/or interests in pooled investment vehicles (e.g., private equity, real estate and hedge funds).

Where appropriate, the Firm also provides advice about any type of legacy position or other investment held in client portfolios. Clients can engage Jaxon Advisors to manage and/or advise on certain investment

products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans). In these situations, Jaxon Advisors directs or recommends the allocation of client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company or the custodian designated by the product's provider.

Jaxon Advisors tailors its advisory services to meet the needs of its individual clients and seeks to ensure, on a continuous basis, that client portfolios are managed in a manner consistent with those needs and objectives. Jaxon Advisors consults with clients on an initial and ongoing basis to assess their specific risk tolerance, time horizon, liquidity constraints and other related factors relevant to the management of their portfolios. Clients are advised to promptly notify Jaxon Advisors if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients can impose reasonable restrictions or mandates on the management of their accounts if Jaxon Advisors determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm's management efforts.

## Item 5. Fees and Compensation

Jaxon Advisors offers services on a fee basis, which includes hourly fees, as well as fees based upon assets under management.

### Wealth Management Fees

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Jaxon Advisors offers wealth management services for an annual fee based on the amount of assets under the Firm's management. This management fee varies in accordance with the following blended fee schedule:

<u>PORTFOLIO VALUE</u>	<u>BASE FEE</u>
First \$1,000,000	1.00%
Next \$4,000,000	0.75%
Above \$5,000,000	0.50%

The annual fee is prorated and charged monthly, in arrears, based upon the market value of the average daily account balance during that month. In the event the advisory agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding or unearned portion of the fee is charged or refunded to the client, as appropriate.

Additionally, for asset management services the Firm provides with respect to certain client holdings (e.g., held-away assets, accommodation accounts, alternative investments, etc.), Jaxon Advisors may negotiate a fee rate that differs from the range set forth above.

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**Fee Discretion**

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Jaxon Advisors may, in its sole discretion, negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing/legacy client relationship, account retention and pro bono activities.

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**Additional Fees and Expenses**

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In addition to the advisory fees paid to Jaxon Advisors, clients also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively “Financial Institutions”). These additional charges include securities brokerage commissions, transaction fees, custodial fees, fees attributable to alternative assets, margin costs (if used by the client), charges imposed directly by a mutual fund or ETF in a client’s account, as disclosed in the fund’s prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. The Firm’s brokerage practices are described at length in Item 12, below.

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**Direct Fee Debit**

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Clients provide Jaxon Advisors with the authority to directly debit their accounts for payment of the investment advisory fees. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to Jaxon Advisors.

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**Account Additions and Withdrawals**

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Clients can make additions to and withdrawals from their account at any time, subject to Jaxon Advisors’s right to terminate an account. Additions can be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or declines to accept particular securities into a client’s account. Clients can withdraw account assets on notice to Jaxon Advisors, subject to the usual and customary securities settlement procedures. However, the Firm designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client’s investment objectives. Jaxon Advisors may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, short-term

redemption fees, fees assessed at the mutual fund level (e.g., contingent deferred sales charges) and/or tax ramifications.

## **Item 6. Performance-Based Fees and Side-by-Side Management**

Jaxon Advisors does not provide any services for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets).

## **Item 7. Types of Clients**

Jaxon Advisors offers services to individuals, trusts, estates, charitable organizations, corporations and business entities.

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

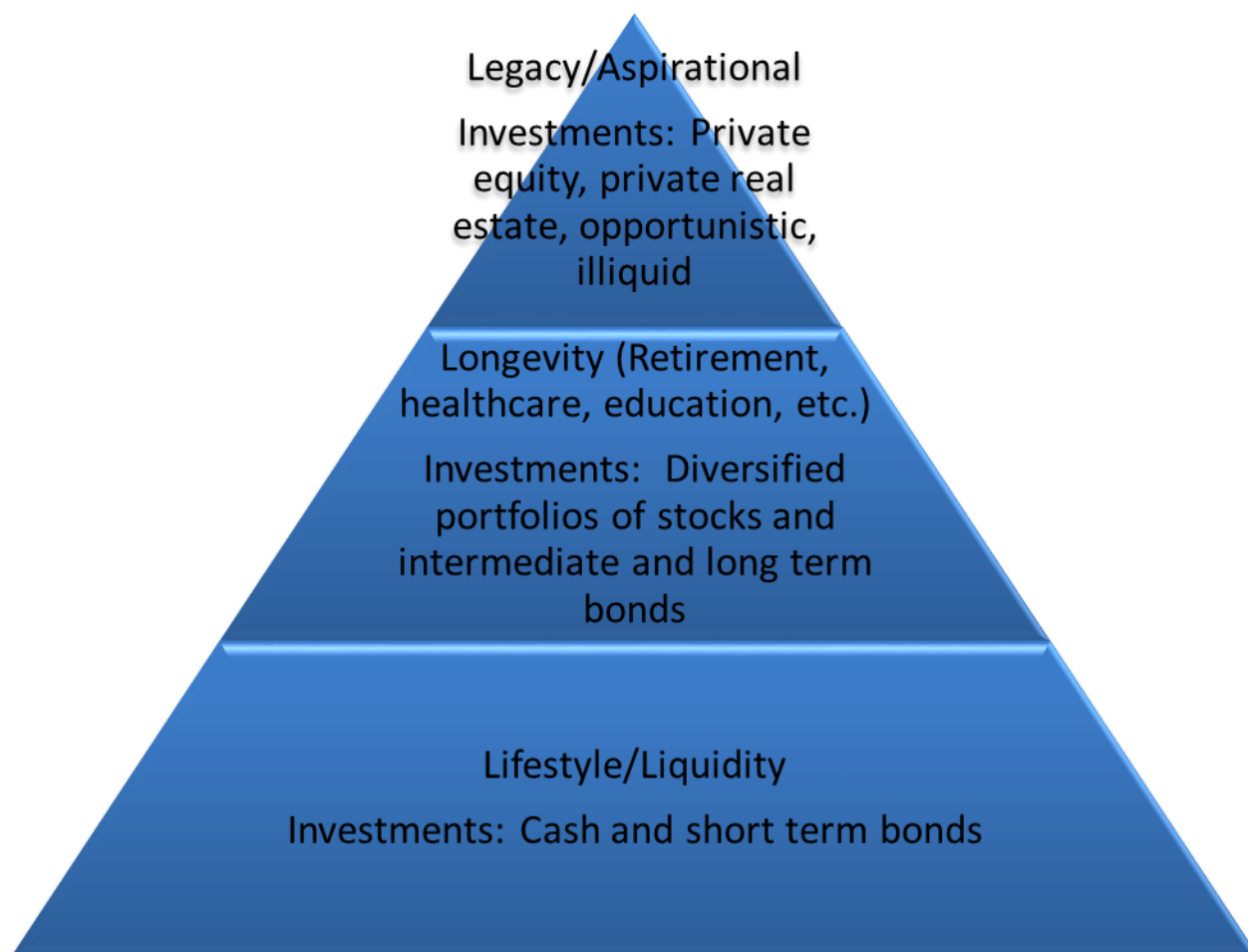
### **Methods of Analysis and Investment Strategies**

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Jaxon Advisors believes in goals-based portfolio management. Because every client has different goals, time horizons, liquidity needs, and tolerance for risk, Jaxon Advisors believes each portfolio should be optimized for each client's individual circumstances.

Different goals have different levels of importance and time horizons. For example, an individual who needs to immediately withdraw funds from a portfolio to meet basic living expenses has a short time horizon and cannot afford to take much risk. In contrast, other clients may have more money than they expect to spend in a lifetime and may desire to create a legacy through a perpetual foundation. In that case, a portion of the portfolio can be invested more aggressively to generate higher returns with a longer time horizon.

Frequently, individuals will have a number of goals, requiring a number of sub-portfolios within a portfolio. The resulting portfolio often has the following components:



Jaxon Advisors is a fundamental investor. Within the context of a goals-based portfolio, the Firm uses mean-variance optimization (MVO) to create diversified, efficient portfolios tailored to a client's objectives. Jaxon Advisors uses individual stocks and bonds, exchange trade funds (ETFs) and mutual funds, as well as alternative investments.

Information about securities comes from a variety of sources, including financial publications like the Wall Street Journal, Bloomberg, individual company SEC filings, Morningstar, and other sources.



## **Risk of Loss**

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All investments and investment strategies involve risk. Risk management techniques like proper diversification can help reduce, but not eliminate, risk of loss. Jaxon Advisors will invest in securities that are subject to the following risks, among others:

### *Market Risks*

Investing involves risk, including the potential loss of principal, and all investors should be guided accordingly. Publicly traded securities, including stocks, bonds, ETFs and mutual funds, are subject to changes in price based on external market conditions. The profitability of a significant portion of Jaxon Advisors's recommendations and/or investment decisions may depend to a great extent upon correctly assessing the future course of price movements of stocks, bonds and other asset classes and the risks inherent with the business risks of each investment. There can be no assurance that Jaxon Advisors will be able to predict those price movements accurately or capitalize on any such assumptions.

### *Mutual Funds and ETFs*

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (*e.g.*, sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed based ETFs and potentially more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 20,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

*Use of Private Investment*

Jaxon Advisors recommends that certain clients invest in privately placed securities or other investments, including collective investment vehicles. The investments may include private real estate, private equity funds, etc. The managers of these investments often have broad discretion in selecting the investments. There may also be no requirement to diversify. Neither the investments nor their managers are typically registered with any regulator so there is a lack of regulatory oversight. There are numerous other risks in investing in these investments. Clients should consult each investment's offering documents explaining such risks prior to investing.

*Interest Rate Risk*

Fluctuations in interest rates will affect the price of securities, particularly bonds and fixed income funds. For example, a rise in interest rates will generally result in a decline in the price of a bond.

*Reinvestment Risk*

Related to interest rate risk, reinvestment risk is the risk that income or bond maturities may not be able to provide the same level of income due to a decline in interest rates.

*Liquidity Risk*

While publicly traded securities generally enjoy a two-sided market that provides liquidity within a few days, most alternative investments do not. For example, private real estate holdings may take months or years before being able to be sold at an acceptable price. Clients should not invest funds in illiquid investments if they have any potential need for liquidity with that portion of their funds.

*Business Risk*

Investments in individual companies or industries are subject to additional (unsystematic, or non-market) risks. For example, a pharmaceutical company may lose value due to an FDA decision that would not affect the market as a whole.

*Political Risk*

Investments may lose value due to political changes. For example, Congress could eliminate the tax-exempt status of municipal bonds, or restrict some forms of oil drilling.

*Credit Risk*

Investments in fixed income securities involve the risk that the issuer could face difficulty in repaying the debt or even default.

*Inflation Risk*

Inflation can erode the purchasing power of a dollar over time. Fixed-rate securities (mainly bonds) are particularly susceptible to this risk.

*Foreign Investment Risk*

Investments in securities involving foreign issuers or investments may involve risks including adverse fluctuations in currency exchange rates, political instability, confiscations, taxes or restrictions on currency exchange, difficulty in selling foreign investments, and reduced legal protection.

**Item 9. Disciplinary Information**

Jaxon Advisors has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of its management.

**Item 10. Other Financial Industry Activities and Affiliations**

This item requires investment advisers to disclose certain financial industry activities and affiliations.

**Item 11. Code of Ethics**

Jaxon Advisors has adopted a code of ethics in compliance with applicable securities laws ("Code of Ethics") that sets forth the standards of conduct expected of its Supervised Persons. Jaxon Advisors's Code of Ethics contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information by the Firm or any of its Supervised Persons and the trading by the same of securities ahead of clients in order to take advantage of pending orders.

The Code of Ethics also requires certain of Jaxon Advisors's personnel to report their personal securities holdings and transactions and obtain pre-approval of certain investments (*e.g.*, initial public offerings, limited offerings). However, the Firm's Supervised Persons are permitted to buy or sell securities that it also recommends to clients if done in a fair and equitable manner that is consistent with the Firm's policies and procedures. This Code of Ethics has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by certain personnel to be completed without any appreciable impact on the markets of such securities. Therefore, under limited circumstances, exceptions may be made to the policies stated below.

When the Firm is engaging in or considering a transaction in any security on behalf of a client, no Supervised Person with access to this information may knowingly effect for themselves or for their immediate family (i.e., spouse, minor children and adults living in the same household) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the Supervised Person is completed as part of a batch trade with clients; or
- a decision has been made not to engage in the transaction for the client.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Clients and prospective clients may contact Jaxon Advisors to request a copy of its Code of Ethics.

## Item 12. Brokerage Practices

### Recommendation of Broker-Dealers for Client Transactions

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Jaxon Advisors recommends that clients utilize the custody, brokerage and clearing services of National Financial Services LLC and Fidelity Brokerage Services LLC (together with affiliates, "Fidelity") for investment management accounts. The final decision to custody assets with Fidelity is at the discretion of the client, including those accounts under ERISA or IRA rules and regulations, in which case the client is acting as either the plan sponsor or IRA accountholder. Jaxon Advisors is independently owned and operated and not affiliated with Fidelity. Fidelity provides Jaxon Advisors with access to its institutional trading and custody services, which are typically not available to retail investors.

Factors which Jaxon Advisors considers in recommending Fidelity or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. Fidelity enables the Firm to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. Fidelity has also agreed to reimburse clients for exit fees associated with moving accounts to Fidelity. The reimbursement is only available up to a certain amount for all of the Firm's clients over a twelve month period. Fees are reimbursed on a first-come-first-served basis so that no clients are favored. The commissions and/or transaction fees charged by Fidelity may be higher or lower than those charged by other Financial Institutions.

The commissions paid by Jaxon Advisors's clients to Fidelity comply with the Firm's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified Financial Institution might charge to effect the same transaction where Jaxon Advisors determines that the commissions are reasonable in relation to the value of the brokerage and research services received. 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 Financial Institution's services, including among others, the value of research provided, execution capability, commission rates and responsiveness. Jaxon Advisors seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Consistent with obtaining best execution, brokerage transactions are directed to certain broker-dealers in return for investment research products and/or services which assist Jaxon Advisors in its investment decision-making process. Such research will be used to service all of the Firm's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because Jaxon Advisors does not have to produce or pay for the products or services.

Jaxon Advisors periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution.

#### **Software and Support Provided by Financial Institutions**

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Jaxon Advisors receives without cost from Fidelity administrative support, computer software, related systems support, as well as other third party support as further described below (together "Support") which allow Jaxon Advisors to better monitor client accounts maintained at Fidelity and otherwise conduct its business. Jaxon Advisors receives the Support without cost because the Firm renders investment management services to clients that maintain assets at Fidelity. The Support is not provided in connection with securities transactions of clients (i.e., not "soft dollars"). The Support benefits Jaxon Advisors, but not its clients directly. Clients should be aware that Jaxon Advisors's receipt of economic benefits such as the Support from a broker-dealer creates a conflict of interest since these benefits may influence the Firm's choice of broker-dealer over another that does not furnish similar software, systems support or services. In fulfilling its duties to its clients, Jaxon Advisors endeavors at all times to put the interests of its clients first and has determined that the recommendation of Fidelity is in the best interest of clients and satisfies the Firm's duty to seek best execution.

Specifically, Jaxon Advisors receives the following benefits from Fidelity: i) receipt of duplicate client confirmations and bundled duplicate statements; ii) access to a trading desk that exclusively services its institutional traders; iii) access to block trading which provides the ability to aggregate securities

transactions and then allocate the appropriate shares to client accounts; and iv) access to an electronic communication network for client order entry and account information.

Fidelity also makes available to the Firm, at no additional charge, certain research and brokerage services, including research services obtained by Fidelity directly from independent research companies, as selected by Jaxon Advisors (within specified parameters). These research and brokerage services are used by the Firm to manage accounts. Jaxon Advisors also receives funds to be used toward qualifying third-party service providers for research, marketing, compliance, technology and software platforms and services. The funds are available regardless of assets held at Fidelity. Without these arrangements, the Firm might be compelled to purchase the same or similar services at its own expense.

### **Brokerage for Client Referrals**

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Jaxon Advisors does not consider, in selecting or recommending broker-dealers, whether the Firm receives client referrals from the Financial Institutions or other third party.

### **Directed Brokerage**

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The client may direct Jaxon Advisors in writing to use a particular Financial Institution to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that Financial Institution and the Firm will not seek better execution services or prices from other Financial Institutions or be able to “batch” client transactions for execution through other Financial Institutions with orders for other accounts managed by Jaxon Advisors (as described above). As a result, the client may pay higher commissions or other transaction costs, greater spreads or may receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, Jaxon Advisors may decline a client’s request to direct brokerage if, in the Firm’s sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

### **Trade Aggregation**

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Transactions for each client will be effected independently, unless Jaxon Advisors decides to purchase or sell the same securities for several clients at approximately the same time. Jaxon Advisors may (but is not obligated to) combine or “batch” such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Firm’s clients differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and allocated among Jaxon Advisors’s clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that the Firm determines to aggregate client orders for the purchase or sale of securities, including securities in which Jaxon Advisors’s Supervised Persons may invest, the Firm does so in accordance with applicable

rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. Jaxon Advisors does not receive any additional compensation or remuneration as a result of the aggregation.

In the event that the Firm determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which include: (i) 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; (ii) 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; (iii) 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); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, the Firm may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) 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.

## **Item 13. Review of Accounts**

### **Account Reviews**

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Jaxon Advisors monitors client portfolios on a continuous and ongoing basis. The accounts will be monitored for compliance to asset allocation target ranges through the Firm's investment management software. The Firm's chief investment officer will monitor accounts regularly and make trades as appropriate and consistent with the clients investment policy statement. All investment advisory clients are encouraged to discuss their needs, goals and objectives with Jaxon Advisors and to keep the Firm informed of any changes thereto. The Firm contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and quarterly to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

### **Account Statements and Reports**

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Clients are provided with transaction confirmation notices and regular summary account statements directly from the Financial Institutions where their assets are custodied. From time-to-time or as otherwise requested, clients may also receive written or electronic reports from Jaxon Advisors and/or an outside

service provider, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. Clients should compare the account statements they receive from their custodian with any documents or reports they receive from Jaxon Advisors or an outside service provider.

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

### **Client Referrals**

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In the event a client is introduced to Jaxon Advisors by either an unaffiliated or an affiliated solicitor, the Firm may pay that solicitor a referral fee in accordance with applicable state securities laws. Unless otherwise disclosed, any such referral fee is paid solely from Jaxon Advisors's investment management fee and does not result in any additional charge to the client. Any affiliated solicitor of Jaxon Advisors is required to disclose the nature of his or her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of the Firm's written brochure(s) at the time of the solicitation.

## **Item 15. Custody**

The Advisory Agreement and/or the separate agreement with any Financial Institution authorize Jaxon Advisors to debit client accounts for payment of the Firm's fees and to directly remit that those funds to the Firm in accordance with applicable custody rules. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to Jaxon Advisors.

In addition, as discussed in Item 13, Jaxon Advisors will also send, or otherwise make available, periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the Financial Institutions and compare them to those received from Jaxon Advisors.

### **Surprise Independent Examination**

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As Jaxon Advisors expects to be deemed to have custody over clients' cash, bank accounts or securities (for reasons other than those discussed above) through a power of attorney. The Firm is required to engage an independent accounting Firm to perform a surprise annual examination of those assets and accounts over which it maintains custody. Any related opinions issued by an independent accounting Firm are filed with



the SEC and are publicly available on the SEC's Investment Adviser Public Disclosure website. Jaxon Advisors does not hold client funds as they are maintained with an independent qualified custodian.

## **Item 16. Investment Discretion**

Jaxon Advisors is given the authority to exercise discretion on behalf of clients. Jaxon Advisors is considered to exercise investment discretion over a client's account if it can effect and/or direct transactions in client accounts without first seeking their consent. Jaxon Advisors is given this authority through a power-of-attorney included in the agreement between Jaxon Advisors and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). Jaxon Advisors takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold; and
- When transactions are made.

## **Item 17. Voting Client Securities**

Jaxon Advisors accepts the authority to vote a client's securities (i.e., proxies) on their behalf. When Jaxon Advisors accepts such responsibility, it will cast proxy votes only in a manner it believes consistent with the best interest of its clients. At any time clients may contact the Firm to request information about how Jaxon Advisors voted proxies for that client's securities.

A brief summary of Jaxon Advisors's proxy voting policies and procedures is as follows:

- The Firm expects to engage an independent third-party proxy advisory firm ("Proxy Firm"), to provide it with research, analysis, and recommendations on the various proxy proposals for the client securities that Jaxon Advisors manages with the aim of maximizing shareholder value. Prior to engaging Proxy Firm for that purpose, Jaxon Advisors will review Proxy Firm's voting guidelines. Although Jaxon Advisors intends to rely upon Proxy Firm for voting and recommendations, certain issues may need to be considered on a case-by-case basis due to the diverse and continually evolving nature of corporate governance issues. If such cases should arise, then Jaxon Advisors will devote appropriate time and resources to consider those issues.
- Where Jaxon Advisors is responsible for voting proxies on behalf of a client, the client cannot direct the Firm's vote on a particular solicitation. The client, however, can revoke Jaxon Advisors's

authority to vote proxies. In situations where there is a conflict of interest in the voting of proxies due to business or personal relationships that Jaxon Advisors maintains with persons having an interest in the outcome of certain votes, the Firm will take appropriate steps, whether by following Proxy Firm's third-party recommendation or otherwise, to ensure that proxy voting decisions are made in what it believes is the best interest of its clients and are not the product of any such conflict.

## **Item 18. Financial Information**

Jaxon Advisors is not required to disclose any financial information due to the following:

- The Firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of services rendered;
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.