

# JMX US, LLC

## Part 2A of Form ADV

### The Brochure

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March 27, 2020

This brochure provides information about the qualifications and business practices of JMX US, LLC (“JMX” or the “Company”). If you have any questions about the contents of this brochure, please contact us at 011 49 (0) 175 734 2740 or [jan@jmxusllc.com](mailto:jan@jmxusllc.com). 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 JMX is also available on the SEC’s website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 - Material Changes

JMX's registration with the SEC became effective on July 26, 2019. In its first annual amendment to Form ADV Part 2A, the Company has included the following material changes:

- Item 4 – The Company updated the amount of client assets under JMX's management.
- Item 8 – JMX added a disclosure related to “unforeseen risks.”

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## Item 4 - Advisory Business

JMX provides customized investment management services to two college endowments. JMX primarily invests client assets in domestic and international publicly traded equity securities. Client portfolios may also hold investments in fixed income securities, credit instruments and foreign exchange forward contracts.

Client portfolios are managed based on the individual needs of each client. Clients may impose restrictions on investing in certain securities or types of securities.

JMX was founded in May 2019 and is 100% owned by TPJMS GmbH. As of December 31, 2019, JMX had \$ 140,430,861 in discretionary assets under management. JMX does not currently manage any client assets on a non-discretionary basis.

## Item 5 - Fees and Compensation

JMX receives compensation based on an annual investment management fee and may receive performance-based fees. The Company's fees are negotiable. Management fee invoices are sent to clients on a quarterly basis and billed in arrears. Management fees are not directly debited from clients' accounts. JMX's investment management fee charged to clients is based on the following schedule:

<u>Assets under management</u>	<u>Annual Fee</u>
First \$80 million	0.55%
Amounts in excess of \$80 million up to \$120 million	0.45%
Amounts in excess of \$120 million	0.15%

Clients will pay JMX a 16% performance fee, applied to each account's annual appreciation above a 6% hurdle rate. A high-water mark will factor into each client's performance fee calculation.

JMX's fee schedule includes a "wind-down-clause" under which clients pay a minimum absolute fee in cases where they chose to redeem substantial funds in a short time period. This fee provides a level of planning stability for JMX that extends beyond the monthly liquidity of each client account. Specifically, JMX and each client have agreed to certain asset under management ("AUM") thresholds. Any redemption request submitted with less than 12 months' prior notice that causes a client's AUM to drop below the threshold triggers a fixed-amount fee payable to JMX.

In addition to JMX's management and performance fees, clients pay brokerage or other transaction expenses and custodial fees. Please see the Brokerage Practices section in this Brochure for a discussion of JMX's brokerage practices.

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

The Company accepts performance-based fees from every client. As a result, JMX does not face certain conflicts of interest that may arise when an investment adviser accepts performance-based fees from some clients, but not from other clients. However, the Company's ability to earn a performance-based fee may create an incentive to take greater risks when investing client portfolios.

## Item 7 - Types of Clients

JMX provides customized investment management services to two college endowments. JMX requires a minimum account size of \$5 million. However, this amount is negotiable.

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

### Investment Strategy

JMX's employs a value investing strategy in building and managing client portfolios. The Company believes that successful investing requires having good judgment regarding the intrinsic value of a security and purchasing it at a price that JMX believes is considerably below its intrinsic value. The Company's portfolio management process strives to minimize long-term permanent loss of capital but is not concerned with short-term performance variances. As noted above in the Advisory Business section, JMX primarily invests client assets in domestic and international publicly traded

equity securities, as well as fixed income securities, credit instruments and foreign exchange forward contracts. For a company's security to be considered for an investment in a client's portfolio, it must fulfill three criteria: 1) The company must have a straightforward and comprehensible business model, 2) The company must have able management with a reputation of acting with integrity, and 3) The company must possess a sustainable, structural, competitive advantage.

JMX's methods of analysis include the following activities:

- JMX maintains a database of prospective investments in publicly traded companies based on the criteria listed above;
- JMX builds a financial valuation model for each prospective investment in its database and updates the model with each company's financial results on a quarterly basis;
- On a regular basis, JMX attends a prospective investment's analyst presentation or capital market events to evaluate these companies' management teams; and
- For consumer-facing companies, JMX conducts channel checks, test purchases and store visits as common ways to learn more about a prospective investment's business plan and customer perceptions.

Client portfolios are long-only and will not use leverage as part of JMX's investment strategy. Securities may be purchased in the following permitted markets: United States, Canada, United Kingdom, European Union member countries, Switzerland, Norway, Brazil, Singapore, Australia, Turkey and Hong Kong. Additional markets may be added in the future, when JMX focuses its research resources with the goal of discovering undervalued equities in additional geographies.

Client portfolios will tend to be concentrated with a small number of holdings and no specific diversification requirements, except that the client's portfolio must have a minimum of five different positions. Additional investment in the largest position in a client's portfolio cannot be made if that additional investment causes the largest position to exceed 50% of the portfolio's market value.

### **Risks of Investment Strategy**

Investing in securities involves the risk of loss that clients should be prepared to bear. The following risk factors do not purport to be a complete list or explanation of all risks involved with JMX's investment strategy. These risk factors include risks the Company believes are material when considering whether to engage JMX as your investment adviser.

Market risk - The success of client portfolio activities will be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, commodity prices, economic uncertainty, changes in laws, trade barrier, currency fluctuations and controls, and national and international political circumstances. These factors may affect the level of volatility of securities prices and the liquidity of investments in client portfolios. Such volatility or illiquidity could impair profitability or result in losses. An investment in individual securities or in a portfolio of securities could lose money. The investments selected by JMX should be deemed speculative investments and are not intended as a complete investment program. These types of investments are designed for sophisticated investors who fully understand and are capable of bearing the risk of loss

of their entire investment. The Company cannot give any guarantee that it will achieve its investment objectives or that any client will receive a return of its investment.

Equity securities - Equity investments are volatile and will increase or decrease in value based upon issuer, economic, market and other factors. Small capitalization stocks generally involve higher risks in some respects than do investments in stocks of larger companies and may be more volatile. The securities of non-U.S. issuers also involve a high degree of risk because of, among other factors, the lack of public information with respect to such issuers, less governmental regulation of stock exchanges and issuers of securities traded on such exchanges and the absence of uniform accounting, auditing and financial reporting standards. The non-U.S. domicile of such issuers and currency fluctuations may also be factors in the assessment of financial risk to the investor. Foreign securities markets are often less liquid than U.S. securities markets, which may make the disposition of non-U.S. securities more difficult. Emerging markets can be subject to greater social, economic, regulatory, and political uncertainties and can be extremely volatile.

Fixed income securities - Investments in fixed income securities are subject to credit, liquidity, prepayment, and interest rate risks, any of which may adversely impact the price of the security and result in a loss.

Forward currency contracts - JMX may enter into forward currency contracts for clients, which are agreements to exchange a currency on a specific future date at a predetermined rate. The Company may use these contracts to manage its exposure to changes in exchange rates, however, adverse movements in exchange rates may result in losses. In addition, the inability of a counterparty to such a contract to complete its obligations under such contract may result in losses.

JMX may rely on information that turns out to be wrong - JMX selects investments based, in part, on information provided by issuers to regulators or made directly available to the Advisor by the issuers or other sources. The Company is not always able to confirm the completeness or accuracy of such information, and in some cases, complete and accurate information is not available. Incorrect or incomplete information increases risk and a result in losses.

Lack of diversification – JMX’s investment strategy tends to be non-diversified, which means that it may invest a greater percentage of its clients’ assets in the securities of fewer issuers. In general, a less diversified portfolio bears more risk than a broadly diversified portfolio. Given that JMX’s portfolio construction may be concentrated in relatively few securities, individual volatility in single securities may cause the strategy to show volatility in excess of broad-based market indices or more diversified strategies.

Dependence on portfolio manager - Client portfolios are dependent on the continued portfolio management and active trading efforts of JMX’s sole portfolio manager: Jan-Hendrik Mohr. If the services of Mr. Mohr were to discontinue or lapse for any reason, client portfolios in all likelihood would be adversely affected.

Cybersecurity - As the use of technology has grown, there are ongoing cybersecurity risks that make JMX and its clients susceptible to operational and financial risks associated with cybersecurity. To the extent that JMX is subject to a cyber-attack or other unauthorized access is gained to its systems,

JMX and its clients may be subject to substantial losses in the form of theft, loss, misuse, improper release or unauthorized access to confidential or restricted data related to JMX or its clients. Cyber-attacks affecting JMX's service providers holding its financial or client data may also result in financial losses to JMX's clients despite efforts to prevent and mitigate such risks under JMX's policies. While measures have been developed which are designed to reduce the risks associated with cybersecurity, there are inherent limitations in such measures and there is no guarantee those measures will be effective, particularly since JMX does not directly control the cybersecurity measures of its service providers and financial intermediaries with which it does business.

Unforeseen Risks - The securities markets may be subject to unforeseen risks, including political events, terrorism, fraud, acts of God, fire, flood, earthquakes, and outbreaks of an infectious disease, pandemic or any other serious public health concern. These unforeseen risks may have a negative effect on the performance of clients' investment portfolios.

## **Item 9 - Disciplinary Information**

JMX and its employee have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of the Company or its employee.

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

JMX Capital GmbH ("JMX Capital") effectively owns 50.1% of JMX. Jan-Hendrik Mohr controls decisions made at both firms. JMX Capital acts as a sub-adviser to a German investment fund which can invest in the same securities that JMX selects for its clients' accounts. Trading instructions are submitted to brokers at effectively the same time for both JMX's client accounts and the German investment fund.

MSA Capital GmbH ("MSA") and JMX Capital maintain a research cooperation agreement and MSA effectively owns 49.9% of JMX. The collaboration of JMX Capital and MSA is focused on sharing company research and conducting joint analysis of potential investment opportunities. However, there is absolutely no sharing of the respective entities' trading strategies, including position sizing or broker selection. The decision whether to invest in a particular company and the timing of such investment is made independently by JMX Capital and MSA.

Mr. Mohr serves on the board of directors of Grafenia plc, a publicly traded company in the United Kingdom ("UK"). Grafenia plc operates a network of approximately 200 design studios in the UK.

Mr. Mohr serves on the board of directors of mediqon group AG, a publicly traded company in Germany. mediqon group AG is a holding company with various subsidiaries primarily in the software industry.

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

JMX has adopted a written code of ethics (the "Code") that is applicable to its employee. Among other things, the Code requires JMX and its employee to act in clients' best interests, avoid any conflicts of interest with clients, comply with all applicable federal securities laws, avoid even the appearance of insider trading, and maintain records of all personal transactions and holdings.

JMX's employee is permitted to trade in the same securities as clients. To avoid any potential conflicts of interest, JMX's employee will only place trades in the same security in the same direction (i.e., buy or sell) on the same day as clients after all client trades in that security are fully executed. JMX's restrictions on personal securities trading apply to the employee, as well as the employee's family members living in the same household.

A copy of JMX's Code is available to any client or prospective client upon request.

## **Item 12 - Brokerage Practices**

JMX is responsible for selecting broker-dealers to execute trades and negotiating commissions paid by clients. The Company's primary consideration when selecting brokers and in achieving best execution is the lowest execution cost.

In certain brokerage relationships, JMX may obtain sell-side research (e.g., Written research reports and calls with the brokers' analysts) or be provided access to brokers' research conferences. Receipt of these brokers' research products and services creates a potential conflict of interest as JMX receives a benefit by not having to produce or pay for these research products or services. However, these research products and services provide a relatively small benefit to JMX's research process. As a result, obtaining the lowest commission costs is prioritized over the value of research products and services provided by brokers. On an ongoing basis, JMX will compare the commissions paid to the brokers it uses to execute client transactions with brokers used by the Company's peers to ensure the commissions paid by JMX's clients are reasonable. In addition, JMX plans to annually renegotiate commission rates with its brokers to ensure competitive commission levels.

The commission rates among brokers tend to be fairly standardized. Differences tend to mainly occur for transactions in different jurisdictions and trading complexities (e.g., Trading in a NASDAQ-listed stock usually carries a lower brokerage cost than a small-cap stock in a relatively illiquid foreign market). JMX currently has trading relationships with four broker-dealers.

JMX does not have any formal soft dollar arrangements or commission sharing arrangements with any brokers that require a minimum amount of commissions to obtain research products or services. Any soft dollar benefits received by JMX are for the equal benefit of all client accounts, as JMX's investment strategy is consistent for all clients' portfolios.

JMX does not consider client referrals from brokers in selecting brokers for client transactions.

JMX does not recommend, request or require that clients direct the Company to execute transactions through a specific broker-dealer. The Company also does not permit clients to direct brokerage.

JMX's investment strategy is primarily the same for both client accounts. Therefore, it is JMX's intent to aggregate trades for both clients by submitting one order to a broker and then allocating the trade between the two accounts. For partially filled orders, a pro-rata allocation will be made based on each client's initial order. There may be circumstances when transactions for only one client account would be warranted (e.g., When one account has capital inflows or outflows).

## **Item 13 - Review of Accounts**

Mr. Mohr conducts monthly portfolio reviews of both client accounts. Occasionally, clients may request a meeting to review their portfolio. These meetings will focus on JMX's rationale for specific security selection.

JMX provides clients with written monthly performance reports showing the account's performance over various time periods compared to the performance of several indices.

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

JMX does not receive any economic benefit from a person who is not a client for providing investment advice or other advisory services to JMX's clients. JMX does not compensate any person for advisory client referrals.

## **Item 15 - Custody**

All clients' accounts are held in custody by unaffiliated broker-dealers or banks. JMX's clients arrange for their assets to be held with their preferred custodians. JMX does not have the ability to directly debit advisory fees from client accounts. As a result, JMX is not deemed to have custody of client assets.

## **Item 16 - Investment Discretion**

JMX has investment discretion over all clients' accounts. Clients grant JMX trading discretion through the execution of a limited power of attorney included in JMX's investment management agreement. Clients can place reasonable restrictions on JMX's investment discretion.

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

In accordance with its fiduciary duty to clients and Rule 206(4)-6 under the Investment Advisers Act of 1940, JMX has adopted and implemented written policies and procedures governing the voting of client securities. All proxies that JMX receives will be treated in accordance with these policies and procedures.

JMX votes its proxies according to the best interests of its clients and in a way that promotes the long-term value of the underlying businesses. There may be instances where JMX actively votes against a management's proposal but JMX does not plan to engage in so-called activism on a frequent basis. In certain cases, the opinion of a third-party proxy voting service may be solicited to refine JMX's judgment and to gather additional perspective.

Clients who have granted JMX with proxy voting authority may direct the Company to vote on a particular proxy solicitation if agreed to by JMX in writing. If a conflict of interest exists between JMX and its clients with respect to a particular proxy solicitation, JMX will consult with outside counsel agreeable to both JMX and its clients or have an independent arbitrator appoint an independent counsel to review the proxy solicitation.

A copy of JMX's proxy voting policies and procedures, as well as specific information about how JMX has voted in the past, are available to clients upon written request.



## **Item 18 - Financial Information**

JMX does not solicit or require prepayment of more than \$1200 in fees per client, six months or more in advance, and has no financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. JMX has never been the subject of a bankruptcy petition.