

## **Part 2A of Form ADV: *Firm Brochure***

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**This brochure provides information about the qualifications and business practices of Joel R. Mogy Investment Counsel Inc. (hereinafter “Adviser”, “JMIC” or “Firm”). If you have any questions about the contents of this brochure, please contact us at 310-552-0529 or [c.pieper@mogy.com](mailto:c.pieper@mogy.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Registration with the SEC, or with any state securities authority, does not imply a certain level of skill or training.**

**Additional information about Joel R. Mogy Investment Counsel Inc. is available on the SEC’s website 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 Adviser is 111622.**

**Item 2. Summary of Material Changes**

This is our Firm Brochure which provides our clients, and prospective clients, with information about our investment counseling services, investment professionals, conflicts of interests and fees, among other things.

Pursuant to current United States Securities and Exchange Commission (“SEC”) Rules, we are required to disclose any material changes that are made to the Firm Brochure and provide clients with a summary of such changes within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes, as necessary.

*At the time of this Firm Brochure, April 12, 2021, our Firm has no material changes to disclose since our last filing on April 9, 2020.*

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#### **Item 4. Advisory Business / Investment Counseling**

##### ***Investment Counseling***

Joel R. Mogy Investment Counsel Inc. ("Adviser", JMIC" or "Firm") is an investment counseling firm founded in 1976 and located in Beverly Hills, CA. JMIC is an investment advisory firm registered with the U.S. Securities Exchange Commission with assets under management of \$1,323,229,964 as of January 31, 2021. The Firm's practice grows primarily by client and professional referrals, and historically, client turnover is low. The Firm is owned by Joel R. Mogy, President. Brad Stelzer, Vice President and Daniel Inlender, Vice President are designated successors to Joel R. Mogy, and the three form the Firm's Management Team.

JMIC provides investment counseling services consisting of on-going and personal investment advice and manages client portfolios on a discretionary basis based on the individual needs of each client. Our Firm has one legacy advisory client relationship that continues to be managed on a non-discretionary basis, which comprises less than 1% of our assets under management. Through personal discussions in which goals, objectives and policies based on a client's particular circumstances are established, JMIC develops a personal investment strategy and creates and manages a portfolio based on that strategy. Our Firm provides this service to individuals, pension and profit sharing plans, trusts, charitable organizations, and corporations. As of January 31, 2021, we manage \$1,317,312,832 on a discretionary basis and \$5,917,132 on a non-discretionary basis.

##### ***Consulting Services***

On occasion, members of the Investment Team or Management Team may consult with clients concerning financial or investment matters. Also, Mr. Mogy serves as a trustee/co-trustee for certain advisory clients. From time to time, Joel R. Mogy may also serve, at the request of advisory clients, as a director, officer, or committee member for closely held family corporations, charitable foundations or other non-profit organizations. The Firm and Joel R. Mogy will not recommend any such closely held companies as investments to any advisory clients.

## **Item 5. Fees and Compensation**

### ***Investment Counseling***

Fees for investment counseling services will be computed quarterly on the aggregate value of each portfolio and payable quarterly in advance. The annual fee schedule will be charged as follows:

- 1% of the first \$2 million, and
- 1/2 of 1% on all amounts above \$2 million.

Under certain circumstances, JMIC may negotiate fees which are lower than those set forth above.

Clients generally authorize Adviser to instruct their bank or broker custodian to directly debit advisory fees from a client's custodian account upon receipt of an advisory fee statement which is sent in duplicate to the client.

Fees are calculated based on the value of assets in the Portfolio(s) as of the end of the last trading day in a calendar quarter. In computing the market value of any investments in the Portfolio(s), each security listed on a national securities exchange shall be valued at the last sale price on the valuation date. Listed securities not traded on such a date and any unlisted securities shall be valued at the latest available bid price that JMIC obtains via a source deemed reliable. Any other security(s) shall be valued in good faith by the Firm to reflect its fair value in accordance with generally accepted industry standards. The initial fee, under certain circumstances, will include prorated fees should management of the Portfolio(s) begin during the quarter. The Firm will calculate prorated fees on the number of days from when management commenced through the end of the quarter. The prorated fees are calculated based on the value of assets in the Portfolio(s) as of the end of the first day of management.

JMIC promptly refunds any pro rata unearned prepaid quarterly fees upon termination of any client relationship during a quarter period. JMIC has a minimum relationship of \$5 million, and the preferred minimum annual advisory fee is \$25,000 per year. However, under certain circumstances, the Firm may accept relationships of less than \$5 million which generate fees of less than \$25,000 per year.

JMIC will notify our client in writing at least 30 days prior to implementing any proposed increase in the Schedule of Fees. Client understands and agrees that the fees in the Schedule of Fees shall continue until 30 days after JMIC has notified the client of any change in the amount of fees applicable for the Portfolio(s). At such time, the new fee will become effective unless client notifies JMIC in writing that the agreement is to be terminated.

### ***Consulting Services***

For Consulting Services concerning financial or investment matters, fees are assessed on an hourly or per diem basis.

### ***Other Fees and Expenses***

Clients are also responsible for the fees and expenses charged by custodians and imposed by broker-dealers, including, but not limited to, any commissions, custody fees, transaction charges or mark-up/mark-downs imposed by a broker-dealer with which JMIC effects transactions for a client's account(s).

All fees paid to JMIC for investment advisory services are separate and distinct from fees and expenses charged by mutual funds and exchanged traded funds ("ETF's") 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 a possible distribution fee for mutual funds.

### ***Termination***

A client agreement may be canceled at any time, by either party, for any reason upon receipt of written notice. As disclosed above, Investment Counseling Services fees are paid in advance of services provided. Upon termination of any account, any prepaid, unearned fees will be promptly refunded. In calculating a client's reimbursement of fees, JMIC will pro rate the reimbursement according to the number of days remaining in the payment period. As applicable, any earned, unpaid fees will be due and payable upon termination.

The client has the right to terminate an advisory agreement without penalty. Also, there will be no assignment of an advisory agreement by the Firm without a client's consent.

### ***Grandfathering of Minimum Account Requirements***

Pre-existing advisory clients are subject to JMIC's minimum account requirements and advisory fees in effect at the time they entered the advisory relationship. Therefore, our Firm's minimum account requirements will differ among clients.

### ***Limited Prepayment of Fees***

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered.

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

As a matter of policy and practice, JMIC does not charge any performance-based fees for its investment counseling services.

JMIC's fees are calculated as described above and are not charged based on a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client (Section 205(a)(1) of the Investment Advisers Act of 1940, as amended).

Side-by-side management refers to multiple client relationships where an adviser manages advisory client relationships and portfolios on a simultaneous basis for individuals, businesses, institutions and mutual funds and/or hedge funds. In such circumstances, potential conflicts of interest may arise by and between the clients and the mutual and hedge funds, e.g., performance fee arrangements. We do not have these relationships, so we do not have side-by-side management potential or actual conflicts of interests.

JMIC has not in the past and currently does not manage any client relationships for mutual funds or hedge funds or charge any performance fees.

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

JMIC offers and provides investment counseling services to individuals, high net worth individuals, pension and profit sharing plans, charitable organizations and corporations seeking the Firm's personalized investment counseling services. Currently, over 99% of client assets are managed on a discretionary basis and less than 1% continue to be managed on a non-discretionary basis.

The portfolios under management fall into two basic categories:

### ***Taxable***

Taxable accounts consist primarily of individuals, trusts and represent approximately 70% of JMIC's assets under management.

### ***Tax-Free***

Tax-free accounts represent approximately 30% of JMIC's assets under management. Types of tax-free accounts may include retirement accounts, pension plans, IRA/Rollovers, SEP/IRAs, and charitable foundations.

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

### ***Methods of Analysis***

Our investment philosophy and research process are based on a careful ongoing study of investment theory, economics, politics, and social history within the perspective of the Investment Team and their 81 years of combined investment experience.

The Firm's philosophy and investment strategies are consistent with the basic tenets of the "weak form" of the efficient market theory in that it is our belief that past market prices and data are generally reflected in securities prices. Our investment philosophy is client oriented, long-term in nature, fundamentally and portfolio based and global in perspective.

Our investment counseling process involves personally interviewing clients and analyzing each client's personal goals, needs and objectives. Pragmatically, we relate each client's investment goals, circumstances and temperament to the realities of the marketplace. After determining the appropriate investment allocation, we then invest in stocks, domestic and foreign, including ETFs and REITs, and primarily investment grade bonds with strategies which are cost conscious and tax efficient.

Our security analysis concentrates primarily on fundamental rather than technical factors. Portfolio turnover is relatively low, and we do not invest in hedge funds, private equity, venture capital, options or futures.

As part of our methods of analysis, we use the following:

Fundamental analysis: Fundamental analysis involves the selection, evaluation, and interpretation of financial data and other pertinent information to assist in evaluating the operating performance and financial condition of a company or an industry. The operating performance of a company is a measure of how well a company has used its resources – its assets, both tangible and intangible – to produce a return on its investment. The financial condition of a company is a measure of its ability to satisfy its obligations, such as the payment of interest in a timely manner.

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the security.

Qualitative analysis: As a part of our fundamental analysis, we subjectively evaluate non-quantifiable factors such as quality of management, labor relations, and strength of research and development factors not readily subject to measurement and predict changes to share price based on that data.

A risk in using qualitative analysis is that our subjective judgment may prove incorrect.



Quantitative analysis: We may use mathematical models in an attempt to obtain more accurate measurements of a company's quantifiable data, such as the value of share price or earnings per share and then predict changes to that data.

A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect.

Principal sources of investment information include the following:

1. Research provided by investment banks, banks and brokerage firms, i.e., economic, industry, company, domestic and international analyses.
2. Company information, i.e., annual & quarterly reports, 10K reports, prospectuses, and news releases.
3. General information on business and finance as provided by: (a) newspapers, (b) periodicals, (c) the Internet, and (d) books on business, finance & economics.
4. Presentations by company management before financial analysts.
5. Professional investment and economic conferences.
6. Research obtained from academic institutions.
7. Economic and political think tanks.
8. Government reports.
9. Subscription services.
10. Consultants.

Asset Allocation: The purpose of asset allocation is to diversify funds into asset classes (stocks, bonds, and liquid reserves) according to the client's risk profile and to hedge against uncertainty. Implicit in this approach is that the total portfolio is more important than the underlying securities.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

Risks for all forms of analysis: The markets are subject to the risks of the unforeseen, including political events, terrorist attacks, fraud, pandemics, bubbles and panics—more generally, the uncertainty produced by the fact that the future is unknown. In addition, markets are unforgiving and can be perverse and irrational over the short or longer period. Absolute loss can also occur when a client panics and sells out of fear when the market experiences a significant downward movement, waiting to reinvest only when the market recovers. When experiencing market volatility, a client might not have the emotional strength or discipline to ride through the inherent volatility of the market.

Our security analysis methods for the securities we recommend, purchase and sell, are assisted by but do not rely entirely upon the assumption that the rating agencies that review these securities, and other publicly available sources of information about these securities, are providing accurate and unbiased data. Factored into our decision-making process is the risk of fraud or that the reporting data may be incorrect, and thus there is always a risk that our analysis may be compromised by inaccurate or misleading information.

## *Investment Strategies*

To reiterate, the Firm's philosophy and investment strategies are consistent with the basic tenets of the “weak form” of the efficient market theory. Our investment philosophy is client oriented, long-term in nature, fundamentally and portfolio-based and global in perspective.

We also use the following strategies in managing client portfolios:

Long-term purchases: We purchase securities with the intention of holding them in a client's portfolio for 3 - 5 years or longer. We may do this because we believe the securities to be currently undervalued. We may do this because we want exposure to a particular asset class over time, regardless of the current projection for this asset class or security.

A risk in a long-term purchase strategy is that, by holding the security for this length of time, we may not take advantage of short-term volatility that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

Short-term purchases: We occasionally may purchase securities with the idea of selling them within a relatively short time (typically a year or less).

A risk in a short-term purchase strategy is that, should the anticipated price increase not materialize, we are left with a long-term investment in a security that was designed to be a short-term purchase, or are forced to potentially take a loss.

Margin transactions: We will not recommend or utilize margin as part of our investment strategy.

Option writing: We will generally not use options or option strategies as an investment strategy.

### Risks for all strategies:

Investments in securities are not guaranteed, and clients may lose money on their investments. Market values may decline, or appreciate, and market fluctuations may force clients to hold investments for a substantial period with no guaranteed return of one's investment. In addition to market risks, investments in securities encompass risks associated with the underlying businesses and / or entities, including reliance on management and their ability to execute strategies and / or achieve financial results. Economic declines, competition, increased regulatory requirements, changes in the political climate, market stability and interest rate and currency fluctuations are examples of key risks that may adversely affect the value of any investments made or recommended by us.

We make significant efforts and inquiries to help us understand each client's tolerance for risk and any changes in their financial objectives and circumstances. We also request that clients notify us of any such changes promptly.

**Item 9. Disciplinary Information**

Our Firm, its principal and associated persons have no disciplinary or regulatory events that are required to be disclosed.

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

Members of the Firm, on occasion, may serve as a consultant. Mr. Mogy may serve as a trustee/co-trustee for certain client accounts and relationships. From time to time, Mr. Mogy may also serve as a director for closely held family corporations at the request of advisory clients and as an officer or committee member of family or charitable foundations or other non-profit organizations.

***Additional Compensation***

Typically, Mr. Mogy does not receive any additional compensation for any corporate or charitable committee positions or responsibilities he may undertake. As a trustee and a licensed Professional Fiduciary with the California Professional Fiduciaries Bureau, Mr. Mogy may receive certain statutory trustee fees as permitted by California trust and estate regulations.

Clients should be aware that the receipt of any additional compensation by JMIC and its management persons creates a conflict of interest that may impair the objectivity of the Firm and these individuals when making advisory recommendations. JMIC endeavors at all times to put the interests of our clients first as part of its fiduciary duty as a registered investment adviser and takes the following steps to address this conflict:

- We disclose to clients the existence of all material conflicts of interest, including the potential for our Firm and management persons to earn compensation from advisory clients in addition to JMIC's advisory fees.
- We collect, maintain and document accurate and relevant client background information, including the client's financial goals, objectives and risk tolerance.
- Our Investment Team conducts regular reviews of each client portfolio to verify that all recommendations made to a client are appropriate for the client's needs and circumstances.
- We require that employees seek prior approval of any outside employment activity so that the Firm may ensure that any conflicts of interests in such activities are disclosed and properly addressed.
- We periodically monitor any outside employment activities to verify that any conflicts of interest continue to be properly addressed.
- We educate our employees about the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

**Item 11. Code of Ethics, Participation in Client Transactions and Personal Trading**

Individuals associated with our Firm may buy or sell securities identical to or different than those recommended to clients. In addition, any associated person(s) may have an interest or position in certain securities which may also be recommended to a client.

JMIC has adopted an Insider Trading Policy and a Code of Ethics consistent with Rule 204A-1 of the Advisers Act. Our Code of Ethics provides for a high ethical standard of conduct for all professionals and employees, compliance with federal securities laws, and policies and procedures for the reporting of certain personal securities transactions on a quarterly basis and initial and annual security holdings by our professionals and employees. Among other things, our Code of Ethics also requires prior approval for the purchase or sale of any personal investments, with certain exceptions, and any IPO and private placement investments, as well as supervisory reviews and recordkeeping. Any personal transactions may only be approved and effected after the completion of any discretionary advisory client transactions. No personal transactions will be approved if in the opinion of Joel R. Mogy or a member of the Investment Team, such transactions would conflict with any client transactions.

A copy of our Code of Ethics is available to our advisory clients upon written request to JMIC's office address.

As these situations represent a conflict of interest, we have established the following additional restrictions in order to ensure its fiduciary responsibilities:

1. No principal or employee of our Firm may buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No principal or employee of our Firm may prefer his or her own interest to that of the advisory client.
2. We maintain records of securities transactions and holdings for our Firm, and anyone associated with this advisory practice with access to advisory recommendations. These holdings are reviewed on a regular basis by a member of the Firm's Compliance Committee.
3. We emphasize the unrestricted right of the client to decline to implement any advice rendered.
4. Our principals and employees must act in accordance with all applicable Federal regulations governing registered investment advisory practices.
5. Any individual not in observance of the above may be subject to termination.

## **Item 12. Brokerage Practices**

### ***Selection of Broker-Dealers and Custodians***

JMIC manages client relationships on a discretionary basis in which clients provide written authority to the advisor to determine the securities, the amounts of securities, the broker-dealer to use for client transactions and the commission costs that will be charged for transactions. Any client limitations in this discretionary authority are to be provided in writing and any change or amendments in any client limitations are also to be provided in writing. JMIC advises one legacy client relationship on a non-discretionary basis.

JMIC's philosophy is to work with well established, full-service broker dealers who provide high quality research and execution services. The Firm does not select broker dealers based primarily on their low commission rates. JMIC seeks to negotiate commissions with selected brokers. However, its ability to reduce commission rates through negotiation is limited by the Firm's emphasis on obtaining high quality research, low turnover, and the amount of funds under JMICs management.

Our Firm endeavors to select those brokers or dealers which will provide the best services at the lowest commission rates possible. The reasonableness of commissions is based on the broker's stability, reputation, ability to provide professional services, competitive commission rates and prices, research, trading platform, and other services which will help JMIC in providing investment management services to clients.

We reserve the right to decline acceptance of any client account for which the client directs the use of a broker other than our recommended custodian(s) if we believe that this choice would hinder our fiduciary duty to the client and/or our ability to service the account. In directing the use of another custodian, it should be understood that JMIC will not have authority to negotiate commissions or to necessarily obtain volume discounts, and best execution may not be achieved. In addition, a disparity in commission charges may exist between the commissions charged to the client and those charged to other clients (who may direct the use of another custodian). Clients should note, while JMIC has a reasonable belief that another custodian is able to obtain best execution and competitive prices, our Firm will not be independently seeking best execution price capability through other custodians. Not all advisers require clients to direct it to use a particular custodian.

### ***Recommendation of Broker-Dealers***

For clients in need of brokerage or custodial services, and depending on client circumstances and needs, JMIC may recommend the use of one of several brokers or custodians provided that such recommendation is consistent with our Firm's fiduciary duty to the client. The factors considered by JMIC when making recommendations are the broker's ability to provide professional services, our Firm's experience with the broker, the broker's reputation, and the broker's quality of execution services and costs of such services, among other factors. Clients are not under any obligation to effect trades through any recommended broker. However, if JMIC believes that the use of a client's broker would hinder our Firm in meeting its fiduciary obligations, we may not be able to accept the account or broker relationship.

JMIC will generally recommend Charles Schwab & Co. (“Schwab”) or Citigroup, Inc. (“Citi”) to serve as custodian of client assets. JMIC chose to establish a relationship with these custodians based upon their financial strength, reputation, and commitment to this industry. Although not a material consideration when recommending that a client utilize the services of a particular custodian, JMIC receives from Schwab and Citi certain support services, without cost or discount, that assist our Firm in monitoring and/or servicing client accounts.

### ***Research and Soft Dollar Practices***

Our Firm may recommend or use a broker who provides useful research and securities transaction services even though a lower commission may be charged by a broker who offers no research services and minimal securities transaction assistance. Research services may be useful in servicing all our clients, and not all such research may be useful for the account for which the particular transaction was effected.

The primary criteria in recommending and selecting broker dealers are the quality of research and execution services. In this regard, JMIC will consider the quality and accessibility of the broker's analysts, the scope of industry coverage and the quality and frequency of written research reports dealing with macroeconomic issues, specific industries and individual companies. Other criteria considered in selecting broker dealers include responsiveness to the Firm, financial strength and stability of the brokerage firm, commission rates, execution capabilities and operations facilities and support. JMIC reviews, on a periodic basis, the firms utilized, and the quality of services received.

Consistent with obtaining best execution for clients, JMIC may direct brokerage transactions for clients' portfolios to brokers who provide research and execution services to JMIC and, indirectly, to our advisory clients. These services are of the type described in Section 28(e) of the Securities Exchange Act of 1934 and are designed to augment our Firm's own internal research and investment strategy capabilities. This may be done without prior agreement or understanding by the client (and done at our Firm's discretion). Research services obtained through the use of soft dollars may be developed by brokers to whom brokerage is directed or by third parties which are compensated by the broker.

Our Firm does not attempt to put a specific dollar value on the services rendered or to allocate the relative costs or benefits of those services among clients, believing that the research our Firm receives will help fulfill its overall duty to its clients. JMIC may not use each research service, however, to service each client. As a result, a client may pay brokerage commissions that are used, in part, to purchase research services that are not used to benefit that specific client.

Broker-dealers selected by JMIC may be paid commissions for effecting transactions for our clients that exceed the amounts other broker-dealers would have charged for effecting these transactions if our Firm determines in good faith that such amounts are reasonable in relation to the value of the brokerage and/or research services provided by those broker-dealers, viewed either in terms of a particular transaction or the Firm's overall duty to its discretionary client accounts.

The research services provided may be used for the benefit of all accounts, including those of the Firm and employees. Also, some of the research services provided by the major firms are so extensive that not all the research or services received are utilized by or benefit the account(s) which may have paid the commissions.

Our general practice is to try to direct research commissions to specific brokerage firms in exchange for their research services. When our clients provide us with discretionary authority for brokerage, we may use the brokerage commissions to obtain such research. However, our Firm does not make or have any formal or informal commitments to any broker or dealer to compensate any firm for the research obtained. A potential conflict of interest arises between the client's interest in obtaining best execution and Adviser's interest in continuing to receive research from any firm.

Our general practice for transactions in fixed income securities, such as municipal and corporate bonds, and when JMIC has discretion to select firms for executing client trades, is to purchase these securities for clients at broker-dealer firms other than through a client's custodian broker-dealer or bank.

These other firms may be used because they have more offerings of bonds, offer better services, prices or a combination of these factors. For these transactions, a client's custodian broker-dealer may charge a nominal transaction or settlement charge to the client's account in addition to any mark-up / mark-down charged by the executing broker-dealer.

Within our last fiscal year, we have obtained economic and investment research on a soft-dollar basis.

When our Firm uses client brokerage commissions to obtain research or brokerage services, it receives a benefit to the extent that JMIC does not have to produce such products internally or compensate third parties with its own money for the delivery of such services. Therefore, such use of client brokerage commissions results in a conflict of interest, whereby our Firm has an incentive to direct client brokerage to those brokers who provide research and services utilized by our Firm, even if these brokers do not offer the best price or commission rates for our clients.

JMIC conducts periodic brokerage reviews, analyzing price, commissions, research and services offered by the various brokers used and volume of client commissions directed to each broker. Moreover, JMIC conducts periodic rankings of all brokers used by the Firm.

### ***Aggregation of Orders***

JMIC may aggregate trades for its clients if appropriate opportunities are perceived. The Firm may do so subject to the following requirements:

1. The aggregated trades must be executed on the same day.
2. Shares bought or sold in an aggregated trade will be allocated to all
3. participating accounts on a pro rata and average cost basis.
4. Commissions or expenses will be allocated among participating accounts on a pro rata basis.
5. Any cost savings resulting from aggregation will be passed through to the participating accounts.

### ***Allocation of Investment Opportunities***

As a matter of policy, JMIC seeks to allocate investment opportunities and transactions on a fair and equitable basis for all clients over time and to not favor certain clients over others. In the unlikely event that limited investment opportunities or transactions would need to be allocated among advisory clients, JMIC would allocate the investments or transactions fairly and equitably and typically on a pro-rata basis. As a matter of investment policy and practice, the Firm does not seek or participate in initial public offerings.

Certain clients, when undertaking an advisory relationship, already have a pre-established relationship with a broker and/or may instruct JMIC to execute all transactions through that broker. If a client directs the Firm to use a particular broker or dealer, it should be understood that under those circumstances JMIC will not have authority to negotiate commissions among various brokers, aggregate directed trades with other client transactions, or obtain volume discounts and best execution may not be achieved. In addition, a disparity in commission rates will exist between commissions charged to Adviser's clients.

As a matter of general practice, directed brokerage transactions and non-discretionary client transactions are placed after JMIC's discretionary brokerage client transactions. In addition, under these circumstances a disparity in commission charges and/or execution prices will exist between the commissions charged and the prices obtained for other clients.

Also, brokers or dealers that JMIC selects to execute transactions may from time to time refer clients to the Firm. Our Firm will not make formal or informal commitments to any broker or dealer to compensate that broker or dealer through brokerage transactions for client referrals; however, a potential conflict of interest may arise between the client's interest in obtaining best price and execution and JMIC's interest in receiving future referrals.

### ***Directed Trades***

Notwithstanding the discretionary terms of our client relationships, any client directed trades will be handled and executed on a best-efforts basis with no guarantee as to the timing or result of any trade execution.



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

#### ***Investment Counseling***

Client portfolios and portfolio holdings are under ongoing supervision by Joel Mogy, Brad Stelzer, and Tom Crecelius who together comprise the Firm's Investment Team. Investment recommendations are also made on an ongoing basis. We recommend meeting with clients at least annually, and, in some cases, more often, to review the investment outlook, investment goals and objectives, investment policies and strategies, procedures, changes in personal circumstances, and the portfolio positions. Client portfolios also receive a more formal review on a monthly basis by the Investment Team.

More frequent reviews may be triggered by changes in market, political or economic conditions, or a client's request. Between meetings, we communicate with clients as appropriate.

JMIC sends portfolio appraisals to clients quarterly or, if requested by the client, on a monthly basis or, in limited instances, not at all. Portfolio appraisals include information about portfolio positions, cost and market value, estimated annual income and yield, among other things. Clients also receive independent bank or brokerage custodian statements reflecting account activity and positions in addition to brokerage confirmations. In order to ensure that all account transactions, holdings and values are correct and current, we urge clients to compare our Firm's portfolio appraisal with the statement that they receive directly from their independent brokerage or bank qualified custodian.

#### ***Consulting Services***

While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Consulting Services clients unless otherwise contracted for. Such reviews will be conducted by Joel Mogy, Brad Stelzer, and Tom Crecelius who comprise the Firm's Investment Team

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

As a matter of Firm policy and practice, JMIC does not have any arrangements with or compensate any person or company with referral fees for the introduction of new clients to the Firm. Further, our Firm does not receive or accept any referral fees for introducing clients to other professionals. Please see Item 12 for additional information.

**Item 15. Custody**

JMIC is deemed to have custody under regulatory guidelines as a result of a) the Firm's authority to directly debit its advisory fees from the client's custodial account as is consistent with industry practices and regulatory guidelines, b) Adviser's President serving as trustee/co-trustee for certain advisory client relationships, and c) Standing Letters of Authorization (SLOA) that allows the Firm to transfer funds or securities from an advisory client account to a third party. For those advisory accounts where the Firm's President is trustee/co-trustee and for certain accounts with SLOA in place, JMIC must undergo a surprise annual exam, among other things, by an independent accounting firm per relevant regulatory guidelines.

**Item 16. Investment Discretion**

JMIC manages client relationships on a discretionary basis in which clients provide written authority to determine the securities, the amounts of securities, the broker-dealer to use for client transactions and the commission costs that will be charged for transactions. Any client limitations in this discretionary authority are to be provided in writing and any change or amendments in any client limitations are also to be provided in writing. Our Firm has one legacy advisory client relationship which continues to be managed on a non-discretionary basis.

**Item 17. Voting Client Securities**

As a matter of policy and practice, our Firm does not receive or vote client proxies. Therefore, although the Adviser may provide investment counseling services relative to client investment assets, JMIC's clients maintain the responsibility for directing the way proxies solicited by issuers of securities beneficially owned by the client will be voted. On occasion, JMIC will receive corporate reorganizations and other corporate action notices and make the necessary election.

In the event any client requests JMIC's assistance on any proxy voting issue, the Investment Team may help or provide background information about the company or issue, but the client always retains the responsibility for voting proxies.

**Item 18. Financial Information**

As a matter of JMIC policy and practice, our Firm will not charge or earn advisory fees in excess of \$1,200 more than six months in advance of the services rendered.

Also, our Firm and its principal have no financial events or proceedings to disclose.