

# **Form ADV Part 2A Brochure**

**JCM3 Asset Management, LLC**

**100 Legacy Trail**

**Edwards, CO 81632**

**(913) 221-3305**

**November 15, 2023**

This Brochure provides information about the qualifications and business practices of JCM3 Asset Management, LLC (JCM3). If you have any questions about the contents of this Brochure, please contact us at (913) 221-3305. 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.

JCM3 is a registered investment adviser. Registration as an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information from which you can determine whether to hire or retain an adviser.

## **Item 2 – Material Changes**

This Brochure dated November 15, 2023, represents the initial Brochure for JCM3 Asset Management, LLC.

Pursuant to SEC Rules, we will deliver to you a summary of any material changes to this and subsequent Brochures within 120 days of the close of our fiscal year. We may further provide other ongoing disclosure information about material changes as necessary. All such information will be provided to you free of charge.

Currently, our Brochure may be requested by contacting us at (913) 221-3305. Additional information about JCM3 is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with JCM3 who are registered as investment adviser representatives of the firm.

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## **Item 4 – Advisory Business**

JCM3 Asset Management, LLC (CRD # 327263) (JCM3) is registered as an investment adviser with the State of Colorado. JCM3 is based in Colorado and was organized as a Limited Liability Company under the laws of the State of Colorado in 2023. The firm registered as an investment adviser in 2023.

JCM3's principal office and place of business is located at 100 Legacy Trail, Edwards, CO 81632. Regular business hours are Monday through Friday 8:00 am to 5:00 pm. The firm can be contacted by phone at (913) 221-3305.

The firm is owned by John C. Maxwell who serves as JCM3's President and Chief Compliance Officer.

JCM3 provides ongoing discretionary portfolio management services to institutional and retail clients. When providing discretionary portfolio management services, the firm not only makes decisions related to investments, but also implements these recommendations and provides ongoing monitoring and reporting.

Clients may impose restrictions related to the level of investment discretion granted, the types of investments used, etc. Terms of an actual engagement, including description of service, limitations and restrictions, fees, etc., are all detailed before any engagement begins in a written client agreement.

JCM3 does not provide a "wrap fee" program where investment management services and trading costs are both covered in a single "wrap" fee.

As of the date of this filing, JCM3 had not begun operations as consequently had no assets under management.

## **Item 5 – Fees and Compensation**

### **Portfolio Management Services**

Fees charged for discretionary investment management services are negotiated prior to the engagement. The firm's published fee schedule is as follows:

<u><i>Assets Under Management</i></u>	<u><i>Annual % Fee</i></u>
\$500,000 - \$2,000,000	1.00%
\$2,000,000 - \$5,000,000	0.90%
Over \$5,000,000	0.80%

Fees are generally calculated and charged quarterly in arrears based on the quarter ending balance of assets under management at the end of the service quarter. Fees for partial quarters are prorated based on the number of days assets are under management. Fees are deducted directly from client accounts except in instances where alternate payment is necessary and has been approved by JCM3.

Services may be terminated at any time by either party with 30 days written notice to the other party, and fees will be prorated accordingly.

All management fees paid to JCM3 are separate and unrelated to any trading costs, fees or expenses assessed by mutual funds or exchange traded funds, custodial fees, etc. Information pertaining to fund-generated fees and expenses can be found in mutual fund and exchange traded fund prospectuses.

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

JCM3 does not charge performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client), and consequently does not simultaneously manage performance based and non-performance based accounts.

#### **Item 7 – Types of Clients**

JCM3 provides services to individuals, businesses, retirement plans and other institutional clients.

For its services, JCM3 requires a minimum account size of \$500,000 for establishing and maintaining a client's account, but the firm reserves the right to accept or decline engagements for various reasons including account size.

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

JCM3's general investment strategy, consistent with the tenets of modern portfolio theory, is to attempt to produce superior risk adjusted returns relative to the appropriate benchmark. To implement this strategy, JCM3 uses fundamental security analysis, and macro analysis to identify securities that are undervalued relative to their prospects. While equity securities are the primary investment vehicles, we may also use other securities to implement our strategies, including ETF's, money market mutual funds (and other short term cash type vehicles), foreign currency forward contracts and bonds.

Investing in securities involves risk of loss that clients should be prepared to bear. Such risks include market risk, interest rate risk, currency risk, and political risk, and loss of capital, among others. Additionally, certain trading strategies can affect investment performance through increased brokerage and other transactions. Each client's propensity for risk however is thoroughly evaluated, documented, and considered throughout the portfolio implementation process.

Although JCM3 intends to manage risk through the careful selection of investments, no investment strategy can assure a profit or avoid a loss.

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to the evaluation of the firm or the integrity of its management. JCM3 is currently not subject to, nor has ever been subject to, any legal or disciplinary events of a material nature.

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

JCM3 has no other financial industry activities or affiliations to report.

## **Item 11 – Code of Ethics**

### **Code of Ethics**

JCM3 has adopted a Code of Ethics expressing the firm's commitment to ethical conduct. The JCM3 Code of Ethics describes the firm's fiduciary duties and responsibilities to clients, and details practices for reviewing the personal securities transactions of supervised persons with access to client information. The Code also requires compliance with applicable securities laws, addresses insider trading, and details possible disciplinary measures for violations. JCM3 will provide a complete copy of its Code of Ethics to any client upon request to the Chief Compliance Officer.

### **Trading Conflicts of Interest**

Individuals associated with JCM3 are permitted to buy or sell securities for their personal accounts identical to or different than those recommended to clients. However, no person employed by JCM3 is allowed to favor his or her own interest over that of a client or make personal investment decisions based on the investment decisions of advisory clients.

In order to address potential conflicts of interest, JCM3 requires that associated persons with access to advisory recommendations provide annual securities holdings reports and quarterly transaction reports to the firm's Chief Compliance Officer. JCM3 also requires prior approval from the Chief Compliance Officer for investing in any IPOs or private placements (limited offerings).

## **Item 12 – Brokerage Practices**

### ***The Custodian and Brokers We Use***

We do not maintain custody of client assets. Instead, we require all client assets be maintained in an account at a non affiliated “qualified custodian,” generally a broker-dealer or bank. We are not affiliated with any particular custodian but instead all custodians are independently owned and operated. The custodian will hold your assets in a brokerage account and will be able to buy and sell securities on your behalf.

While we may recommend that you use a particular custodian/broker, you will ultimately decide whether to do so and will open your account with the custodian/broker by entering into an

account agreement directly with one of them. We cannot actually open accounts for you, but we can assist you in opening an account at whatever custodian/broker you decide to use.

### ***How We Select Custodians and Brokers***

When recommending a custodian or broker for our clients, we consider many different factors including quality of service, types of services offered, overall capability, execution quality, competitiveness of transaction costs, availability of investment research, reputation of the firm, and financial resources, among other things. In determining the reasonableness of a broker's compensation, we consider the overall cost to you relative to the benefits you receive, both directly and indirectly, from the broker.

### **Your Brokerage and Custody Costs**

Our clients receive various services directly from our custodians and brokers. For our clients' accounts that they maintain, the custodian generally does not charge separately for custody services but instead is compensated by charging commissions or other fees on trades that it executes or trades that are executed by other brokers to and from the custodial accounts. Fees applicable to our client accounts were negotiated based on the condition that our clients collectively maintain a certain level of assets at the custodian. We feel this commitment benefits you because we expect the overall rates you pay will be lower than they might be otherwise.

Since custodians often charge clients a fee for each trade that we have executed by a different broker-dealer, we have the custodians execute most trades for your account in order to minimize your trading costs.

We have determined that having the custodians execute most trades is consistent with our duty to seek "best execution" of your trades. Best execution means seeking the most favorable terms for a transaction based on all relevant factors, including those listed above.

## Products and Services Available to Us from Brokers/Custodians

The custodians provide us and our clients with access to its institutional brokerage services like trading, custody, reporting, and related services, many of which are not typically available to retail customers. The custodians also make available various support services, some of which may help us manage or administer our clients' accounts, while others may help us manage and grow our business.

Other institutional brokerage services which benefit you directly include access to a broad range of investment products, execution of securities transactions, and asset custody. The investment products available through the custodians include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients.

The custodians may also make available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both the custodians' own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at the custodians. In addition to investment research, the custodians may also make available software and other technology that provide access to client account data, facilitates trade execution for multiple client accounts, provides pricing and other market data, facilitates payment of our fees from our clients' accounts, and assists with back-office functions, recordkeeping, and client reporting.

The custodians may also offer other services intended to help us manage and further develop our business. These services include educational conferences and events, consulting on technology, compliance, legal, and business needs, publications and conferences on practice management and business succession, and access to employee benefits providers, human capital consultants, and insurance providers.

The availability of these services from the custodians benefits us because we do not have to produce or purchase them. Of course, this may give us an incentive to recommend that you maintain your account with a particular custodian based on our interests rather than yours, which is a potential conflict of interest. We believe, however, that our recommendation of a custodian is in the best interests of our clients, and is primarily supported by the scope, quality, and price of the custodian's services and not the custodian's services that benefit only us.

## **Aggregation of Transactions**

JCM3 may, from time to time, aggregate client orders into blocks in order to facilitate more efficient account management and execution. When aggregating orders, an average price is given to all participants in the block, or other measures are taken, in order to treat all accounts fairly.

## **Item 13 – Review of Accounts**

### **Review of Accounts**

Accounts will be reviewed on a quarterly basis unless a special intra-quarter review is requested by the client. The reviews will provide detailed analysis of the account's absolute performance and relative performance.

### **Regular Reports Provided to Clients**

In addition to the monthly statements and confirmations of transactions that clients receive from the applicable custodians and brokers, JCM3 may provide other reports directly to the client from time to time depending on the type of engagement. Investment management clients for example may receive periodic performance related reports.

JCM3 urges clients to carefully review custodial statements and compare them to the reports which we may provide.

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

JCM3 does not compensate any outside parties for client referrals, nor do we receive any compensation or non-cash economic benefit for client referrals.

JCM3 does, however, receive economic benefits from our custodians and brokers in the form of the support products and services that are made available to us and to other independent investment advisors. These products and services, how they benefit us, and the related conflicts of interest are described in Item 12 above. The availability to us of these economic benefits is not based on us giving particular investment advice, such as buying or recommending particular

securities for our clients. Furthermore, our representatives are required to make all investment decisions and recommendations based solely on the interests of the applicable client.

### **Item 15 – Custody**

As noted in Item 12, JCM3 requires that clients' assets be held by a qualified custodian. Although we do not hold assets, we may have limited control in some instances to trade on your behalf, to deduct our advisory fees from your account with your authorization, or to request disbursements on your behalf (although various types of written authorizations are required depending on the type of disbursements).

You will receive account statements directly from your custodian on at least a quarterly or monthly basis depending on the type of engagement. Statements will be sent to the email or postal mailing address you provide. JCM3 may also periodically provide performance reports. JCM3 urges clients to carefully review custodial statements and compare them to any account reports that we might provide.

### **Item 16 – Investment Discretion**

JCM3 accepts discretionary authority to manage securities accounts on behalf of clients.

When granted authority to manage accounts, JCM3 customarily has the authority to determine which securities and the amounts that are bought or sold. Any discretionary authority accepted by JCM3, however, is subject to the client's risk profile and investment objectives and may be limited by any other limitations provided by the client in writing.

JCM3 will not exercise any discretionary authority until it has been given authority to do so in writing. Such authority is granted in the written agreement between JCM3 and the client, and in the written agreement applicable brokers and third-party custodians.

### **Item 17 – Voting Client Securities**

At the client's discretion, JCM3 is available to vote proxies. JCM3 is not an activist investment firm and will generally vote proxies with management. There may however be exceptions where we feel it may be in our client's best interest to vote against management. For example, if

management recommends that we vote against an acquisition, we may vote for it instead if we feel it may yield higher returns for our clients than the alternative.

Clients may receive proxies and other solicitations directly from their custodian or transfer agent and may contact JCM3 with questions.

### **Item 18 – Financial Information**

Registered investment advisers are required in some cases to provide certain financial information and or disclosures about their financial condition. For example, if the firm requires prepayment of fees for six months in advance, has custody of client funds, or has a condition that is reasonably likely to impair its ability to meet its contractual commitments to its clients, it must provide financial information and make disclosures.

JCM3 has no financial or operating conditions which trigger such additional reporting requirements.

### **Item 19 – Requirements for State-Registered Advisers**

John C. Maxwell is the firm's President and Chief Compliance Officer. Further information regarding Mr. Maxwell can be found in Item 4 above and in the attached Part 2B Supplement.

State registered firms are required to make additional disclosures if a) the firm is compensated for advisory services with performance-based fees, b) the firm or any of its management persons has been involved in certain types of arbitration, civil, or administrative claims, or c) the firm or any of its management persons has a relationship or arrangement with any issuer of securities.

Neither the firm nor any of its management persons has any such arrangements, nor has been involved in any such actions, which require additional disclosures.

# **Form ADV Part 2B Brochure Supplement**

**John C. Maxwell**

**JCM3 Asset Management, LLC**

**100 Legacy Trail**

**Edwards, CO 81632**

**(913) 221-3305**

**November 15, 2023**

This Brochure Supplement provides information about John C. Maxwell that supplements the JCM3 Asset Management, LLC (JCM3) Brochure which you should have received. Please contact us at (913) 221-3305 if you did not receive the JCM3 Asset Management, LLC (JCM3) Brochure or if you have any questions about it or the contents of this supplement.

Additional information about Mr. Maxwell is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2- Educational Background and Business Experience

John C. Maxwell, born in 1963, is a co-founder, Managing Member, and Investment Adviser Representative of the firm.

### A. Educational Background

- BSME – University of Kentucky, 1985
- MBA – Cornell University, 1992

### B. Business Background

- Managing Member, CCO, Investment Adviser Representative, JCM3 Asset Management, LLC, 05/2023 – Present
- Not employed, 12/2021 – 04/2023
- Macquarie Group, 04/2021 – 11/2021
- Portfolio Manager, Waddell and Reed, 06/1998 – 04/2021

### Chartered Financial Analyst (CFA®)

The Chartered Financial Analyst (CFA®) certification is a globally recognized, graduate-level investment credential, recognized for its foundation in investment analysis and portfolio management skills, and emphasizes the highest ethical and professional standards. To attain the right to use the CFA® marks, an individual must satisfactorily fulfill the following requirements:

**Prerequisites/Experience:** Complete either an undergraduate degree and four years of professional experience involving investment decision-making, or four years of qualified work experience (full time, but not necessarily investment related).

**Educational Requirements:** Complete a self-study program (250 hours of study for each of the three levels).

**Examination Type:** Pass the comprehensive CFA® Certification Examination. The examination consists of three comprehensive exams which are six hours in length each.

**Ethics:** Agree to be bound by CFA Institute's Standards of Professional Conduct, a set of documents outlining the ethical and practice standards for CFA® professionals.

CFA® professionals who fail to comply with the above standards and requirements may be subject to CFA Institute's enforcement process, which could result in suspension or permanent revocation of their CFA® certification.

### **Item 3- Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to the evaluation of the firm or the integrity of its management. Mr. Maxwell is currently not subject to, nor has ever been subject to, any legal or disciplinary events of a material nature.

### **Item 4- Other Business Activities**

Mr. Maxwell has no other business activities to report.

### **Item 5- Additional Compensation**

Mr. Maxwell does not receive any economic benefits, sales awards, or other compensation from outside parties in connection with providing advisory services to clients.

### **Item 6 - Supervision**

As owner of the firm, Mr. Maxwell does not report to a supervisor. He is also the Chief Compliance Officer of the firm and provides general compliance oversight for the firm and its activities. Mr. Maxwell may be contacted by mail or phone at the address or phone number listed above.

### **Item 7- Requirements for State-Registered Advisers**

State registered investment adviser representatives are required to disclose all material facts regarding certain legal, disciplinary or financial events that would be material to the evaluation of the representative. Mr. Maxwell is currently not subject to, nor has ever been subject to, any legal, disciplinary or financial events of this nature.