Jonathan D. Pond, LLC

FORM ADV PART 2A – DISCLOSURE BROCHURE

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This disclosure brochure provides clients with information about the qualifications and business practices of Jonathan D. Pond, LLC, an independent investment advisory firm registered with the United States Securities and Exchange Commission ("SEC"). It also describes the services Jonathan D. Pond, LLC provides as well as background information on those individuals who provide investment advisory services on behalf of Jonathan D. Pond, LLC. Please contact Jonathan D. Pond, Managing Member and Chief Compliance Officer of Jonathan D. Pond, LLC, at 617-243-0020 if you have any questions about the contents of this disclosure brochure.

The information in this disclosure brochure has not been approved or verified by the SEC or by any state securities authority. Registration with the SEC does not imply that Jonathan D. Pond, LLC or any individual providing investment advisory services on behalf of Jonathan D. Pond, LLC possess a certain level of skill or training. Additional information about Jonathan D. Pond, LLC is available on the Internet at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. The CRD number for Jonathan D. Pond, LLC is 131395.

Item 2 – Material Changes

This item discusses specific material changes to the Jonathan D. Pond, LLC brochure.

Pursuant to current SEC Rules, Jonathan D. Pond, LLC will ensure that clients receive a summary of any materials changes to this and subsequent brochures within 120 days of the close of the firm's fiscal year which occurs at the end of the calendar year. Jonathan D. Pond, LLC may further provide other ongoing disclosure information about material changes as necessary.

Jonathan D. Pond, LLC will also provide clients with a new brochure as necessary based on changes or new information, at any time, without charge.

There have been no material changes to this disclosure brochure since the date of its last annual amendment filing (March 18, 2015).

Item 3 – Table of Contents

Item 4 - Advisory Business

A. The Company

Jonathan D. Pond, LLC is a privately-held Massachusetts limited liability company that has been providing investment advisory services since 1987 and has been registered with the SEC since 2008. Throughout this disclosure brochure, the company is referred to as “JDP”.

The principal owner of JDP is Jonathan D. Pond.

B. Advisory Services

JDP provides the following investment advisory services:

Portfolio Management Services

Portfolio Management Services includes, among other things, basic financial planning consisting of giving advice regarding asset allocation and the selection of investments. Through personal discussions in which goals and objectives based on a client’s particular circumstances are established, JDP develops an investment policy statement for a client and creates and manages a portfolio based on that investment policy. Each portfolio will be designed with the goal of meeting a client’s individual needs. Account supervision is guided by the stated objectives of the client.

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

Financial Planning Services

If a client desires to obtain financial planning services apart from the basic planning services provided as part of Portfolio Management Services, JDP also provides financial planning services as a stand alone service. Advice is rendered in the areas of cash flow and debt management, risk management, college funding, retirement planning, estate planning, tax planning, asset allocation, and investment selection. JDP gathers required information through in-depth personal interviews. Information gathered includes a client's current financial status, future goals and attitudes towards risk. Related documents supplied by the client are carefully reviewed and a written report is prepared. Should a client choose to implement the recommendations contained in the financial plan, JDP suggests the client work closely with his or her attorney, accountant, insurance agent, and/or stockbroker. Implementation of financial planning recommendations is entirely at the client's discretion.

Financial planning recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. All financial planning recommendations are of a generic nature.

In performing its services, JDP shall not be required to verify any information received from the client or from the client’s other professionals and is expressly authorized to rely thereon. If requested by the client, JDP may suggest the services of other professionals for implementation services, but the client is under no obligation to engage the services of any suggested professional. In addition, each client is advised that it remains their responsibility to promptly notify JDP if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising JDP's previous recommendations and/or services.

Consulting Services

Clients can also receive investment advice on a more limited basis. This may include advice on only an isolated area(s) of concern such as estate planning, retirement planning, reviewing a client's existing portfolio, or any other specific topic. JDP also provides services regarding investment and financial concerns of the client.

Periodical Services

Jonathan Pond, Managing Member of JDP, is the author of a weekly email newsletter entitled "Ponderings," which may recommend specific open-end mutual funds and exchange traded funds. Whether such mutual funds and/or exchange traded funds are appropriate for client accounts will depend on the specific needs of individual clients.

C. Client Tailored Services and Client Imposed Restrictions

JDP offers a full range of investment advisory services which can be tailored to meet the specific needs of each client. In order to provide appropriately individualized services, JDP will work with the client to obtain information regarding the client's financial circumstances, investment objectives, overall financial condition, income and tax status, personal and business assets, risk profile and other information regarding the client's financial and investment needs.

At least annually, JDP will review with clients their financial circumstances, investment objectives and risk profile. In order for JDP to provide effective advisory services, it is critical that clients provide accurate and complete information to JDP and inform the JDP anytime such information needs to be updated or anytime there is a change in their financial circumstances, investment objectives and/or risk profile.

Generally, clients are permitted to impose reasonable restrictions on investing in certain securities or types of securities in their advisory accounts, provided, however, that some restrictions may not be accommodated when utilizing Exchange Traded Funds, mutual funds or with respect to certain third-party products or services made available through JDP. In addition, a restriction request may not be honored if it is fundamentally inconsistent with JDP's investment philosophy, runs counter to the client's stated investment objectives, or would prevent JDP from properly servicing client accounts.

D. Wrap Fee Programs

JDP does not participate in wrap fee programs. Under a wrap fee program, advisory services (which may include portfolio management or advice concerning the selection of other investment advisers) and transaction services (*e.g.*, execution of trades) are provided for one fee. This is different than traditional investment management programs whereby services are provided for a fee, but transaction services are billed separately on a per-transaction basis.

E. Assets Under Management

As of December 31, 2015, the total amount of client assets managed by JDP is approximately 254,000,000. All client assets are managed on a discretionary basis.

Item 5 - Fees And Compensation

A. Advisory Fees

Portfolio Management Fees

The annual fee for Portfolio Management Services will be charged as a percentage of assets under management according to the following schedule:

Assets Under Management	Maximum Annual Fee (%)
First $1 million	1.00%
Next $1 million to $2 million	0.75%
Next $3 million to $5 million	0.50%
Above $5 million	0.25%

Clients will be billed in arrears at the end of each quarter based upon the market value of the assets in the client's account at the end of that quarter. Market value will be determined by the account custodian. In the event that the account custodian cannot provide a market value for an asset, JDP will determine a fair market value for that asset.

For new accounts, billing will commence upon the deposit of any funds or securities in the account. The portfolio management fee for the initial quarter shall be calculated on a *pro rata* basis commencing on the day any funds or securities are initially deposited in the account. If an account is terminated during a quarter, fees will be adjusted pro rata based upon the number of calendar days in the quarter that the agreement was effective.

Details of the portfolio management fee charged are more fully described in the advisory agreement entered into with each client.

Financial Planning and Consulting Fees

Financial Planning and/or Consulting Services fees will be charged in one or both of two ways:

1. As a fixed fee, typically ranging from $1,500 to $2,500, depending on the nature and complexity of each client's circumstances.
2. On an hourly basis calculated on a rate ranging from $150 to $600 depending on the professional(s) performing the service. The length of time it will take to complete the advisory service will depend on the nature and complexity of the individual client's personal circumstances. An estimate for total hours will be determined at the start of the advisory relationship.

Fees for Financial Planning and/or Consulting Services are due and payable upon completion of the advisory service.

Periodical Fees

The annual subscription fee for the weekly email newsletter is $49; payable in advance.

B. Payment Method

Each quarter, JDP will notify the client's qualified custodian of the amount of the fee due and payable to JDP pursuant to the firm's fee schedule and advisory agreement. The qualified custodian will not validate or check JDP's fees, its corresponding calculation or the assets on which the fee is based unless the client has retained their services to do so. With the client's pre-approval, the qualified custodian will "deduct" the fee from the client's account or, if the client has more than one account, from the account the client has designated to pay JDP's advisory fees.

Each month, the client will receive a statement directly from the qualified custodian showing all transactions, positions and credits/debits into or from the client's account. Statements sent after quarter end will also reflect the advisory fee paid by the client to JDP.

C. Additional Fees and Expenses

<u>Mutual Fund Fees</u>

All fees paid to JDP for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without the services of JDP. In that case, the client would not receive the services provided by JDP which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. To the extent that client assets are invested in money market funds or cash positions, the fees for monitoring those assets are in addition to the fees included in the internal expenses of those funds paid to their own investment managers, which are fully disclosed in each fund's prospectus. Accordingly, the client should review both the fees charged by the funds and the fees charged by JDP to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

<u>Trading and Other Costs</u>

All fees paid to JDP for investment advisory services are separate and distinct from transaction fees charged by broker dealers associated with the purchase and sale of equity securities and fixed-income securities. In addition, fees do not include the services of any co-fiduciaries, accountants, broker dealers or attorneys. Please see the section entitled "Brokerage Practices" on page 14 of this disclosure brochure for additional information on brokerage and other transaction costs.

D. Termination and Refunds

<u>Portfolio Management Services</u>

A client has the right to terminate an advisory agreement without penalty within five (5) business days after entering into such agreement. In addition, an advisory agreement may be terminated at any time, by either party, for any reason upon written notice to the other party. JDP is authorized to charge a client the applicable fee for up to 30 days after account termination as reasonable compensation for the orderly winding up of the client's account. If an account is terminated during a calendar quarter, fees will be adjusted *pro rata* based upon the number of calendar days in the calendar quarter that the advisory agreement was effective.

When possible, JDP will credit a client's account for the amount of the refund. Otherwise, JDP will send a check to the client for the amount of the refund.

Financial Planning/Consulting Services

If a client chooses to terminate financial planning or consulting services before they are completed, any work performed by JDP will be billed at a rate ranging from $150 to $600 per hour, but will under no circumstance exceed the amount of any deposit received.

E. Additional Compensation

Fee Only

JDP is compensated solely by fees paid by its clients and does not accept commissions or compensation from any other source (i.e., mutual funds, insurance products or any other investment product).

Fees Negotiable

JDP retains the right to modify fees, including minimum annual fees and minimum account sizes, in its sole and absolute discretion, on a client-by-client basis based on the size, complexity and nature of the advisory services provided.

Prior Fee Schedules

The fees charged to Portfolio Management Services clients whose assets have been managed by JDP prior to 2011 may differ from the fees charged to new advisory clients of JDP.

Item 6 - Performance-Based Fees and Side-By-Side Management

JDP does not accept performance-based fees or engage in side-by-side management. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. JDP's fees are calculated as described above in Item 5 - Fees and Compensation - and are not charged on the basis of a share of the capital gains upon, or capital appreciation of, the funds in a client's account.

Item 7 - Types of Clients

JDP provides investment advisory services to individuals (including high net worth individuals), pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other types of business entities.

Engaging the Services of JDP

All clients wishing to engage JDP for investment advisory services must first complete the applicable investment advisory agreement as well as any other document or questionnaire provided by JDP. The investment advisory agreement describes the services and responsibilities of JDP to the client. It also outlines JDP's fee in detail. In addition, clients must complete certain broker-dealer/custodial documentation. Upon completion of these documents, JDP will be considered engaged by the client. Clients will be responsible for ensuring that JDP is informed in a timely manner of changes in investment objectives and risk tolerance.

Conditions for Managing Accounts

Portfolio Management Services

JDP requires new clients have a minimum account of $500,000 for Portfolio Management Services. JDP may reduce or waive this minimum account size. Accounts of less than $500,000 may be set up when the client and JDP anticipate the client will add additional funds to the accounts bringing the total to $500,000 within a reasonable time. Other exceptions will apply to employees of JDP and their relatives, or relatives of existing clients. Economic hardship circumstances may also be taken into consideration. JDP also requires a minimum annual fee of $5,000. JDP retains the right to reduce or waive the minimum annual fee. Exceptions will apply to employees of JDP and their relatives, or relatives of existing clients. Economic hardship circumstances may also be taken into consideration.

Financial Planning Services

JDP requires a minimum annual fee of $1,500 for Financial Planning clients. JDP retains the right to reduce or waive the minimum annual fee. Exceptions to the minimum annual fee requirement will apply to employees of JDP and their relatives, or relatives of existing clients. Economic hardship circumstances may also be taken into consideration.

Consulting Services

There is no minimum account size or annual fee requirement for Consulting Services clients.

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

A. Methods of Analysis and Investment Strategies

Methods of Analysis

The security analysis method employed by JDP is fundamental analysis.

Fundamental analysis is a method of evaluating securities by attempting to measure the intrinsic value of a stock. Fundamental analysts study the overall economy and industry conditions, the financial condition of a company, details regarding the company's product line, and the experience and expertise of the company's management. The resulting data is used to measure the true value of the company's stock compared to the current market value.

Investment Strategies

JDP will use all or some of the following strategies in managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance and time horizons, among other considerations:

Long-Term Purchases

Securities are purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.

Short-Term Purchases

Securities are purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.

Types of Investments

Investment advice may be offered on any investments held by a client at the start of the advisory relationship. Recommendations for new investments will typically be limited to domestic and foreign equity securities, warrants, corporate debt securities, commercial paper, certificates of deposit, municipal and United States government securities, mutual funds, exchange-traded funds, variable annuities, futures and various limited partnerships investing in real estate and oil and gas.

Sources of Information

In conducting security analysis, JDP may utilize the following sources of information: financial newspapers and magazines, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the U.S. Securities and Exchange Commission and company press releases. In addition to the listed sources of information, JDP's portfolio manager may, from time to time, conduct interviews of corporate officers, make company visits and participate in analysts' phone conferences.

Investing Involves Risk

Investing in securities involves risk of loss that each client should be prepared to bear. The value of a client's investment may be affected by one or more of the following risks, any of which could cause a client's portfolio return, the price of the portfolio's shares or the portfolio's yield to fluctuate:

- *Market Risk.* The value of portfolio assets will fluctuate as the stock or bond market fluctuates. The value of investments may decline, sometimes rapidly and unpredictably, simply because of economic changes or other events that affect large portions of the market.
- *Management Risk.* A client's portfolio is subject to management risk because it is actively managed by JDP's investment professionals. JDP will apply its investment techniques and risk analysis in making investment decisions for a client's portfolio, but there is no guarantee that these techniques and JDP's judgment will produce the intended results.
- *Interest Rate Risk.* Changes in interest rates will affect the value of a portfolio's investments in fixed-income securities. When interest rates rise, the value of investments in fixed-income securities tend to fall and this decrease in value may not be offset by higher income from new investments. Interest rate risk is generally greater for fixed-income securities with longer maturities or durations.

- *Credit Risk*. An issuer or guarantor of a fixed-income security, or the counterparty to a derivatives or other contract, may be unable or unwilling to make timely payments of interest or principal, or to otherwise honor its obligations. The issuer or guarantor may default causing a loss of the full principal amount of a security. The degree of risk for a particular security may be reflected in its credit rating. There is the possibility that the credit rating of a fixed-income security may be downgraded after purchase, which may adversely affect the value of the security. Investments in fixed-income securities with lower ratings tend to have a higher probability that an issuer will default or fail to meet its payment obligations.
- *Allocation Risk*. The allocation of investments among different asset classes may have a significant effect on portfolio value when one of these asset classes is performing more poorly than the others. As investments will be periodically reallocated, there will be transaction costs which may be, over time, significant. In addition, there is a risk that certain asset allocation decisions may not achieve the desired results and, as a result, a client's portfolio may incur significant losses.
- *Foreign (Non-U.S.) Risk*. A portfolio's investments in securities of non-U.S. issuers may involve more risk than those of U.S. issuers. There securities may fluctuate more widely in price and may be less liquid due to adverse market, economic, political, regulatory or other factors.
- *Emerging Markets Risk*. Securities of companies in emerging markets may be more volatile than those of companies in developed markets. By definition, markets, economies and government institutions are generally less developed in emerging market countries. Investment in securities of companies in emerging markets may entail special risks relating to the potential for social instability and the risks of expropriation, nationalization or confiscation. Investors may also face the imposition of restrictions on foreign investment or the repatriation of capital and a lack of hedging instruments.
- *Currency Risk*. Fluctuations in currency exchange rates may negatively affect the value of a portfolio's investments or reduce its returns.
- *Derivatives Risk*. Certain strategies involve the use of derivatives to create market exposure. Derivatives may be illiquid, difficult to price and leveraged so that small changes may produce disproportionate losses for a client's portfolio and may be subject to counterparty risk to a greater degree than more traditional investments. Because of their complex nature, some derivatives may not perform as intended. As a result, a portfolio may not realize the anticipated benefits from a derivative it holds or it may realize losses. Derivative transactions may create investment leverage, which may increase a portfolio's volatility and may require the portfolio to liquidate portfolio securities when it may not be advantageous to do so.
- *Capitalization Risk*. Investments in small- and mid-capitalization companies may be more volatile than investments in large-capitalization companies. Investments in small-capitalization companies may have additional risks because these companies have limited product lines, markets or financial resources.
- *Liquidity Risk*. Liquidity risk exists when particular investments are difficult to purchase or sell, possibly preventing JDP from selling out of such illiquid securities at an advantageous price. Derivatives and securities involving substantial market and credit risk also tend to involve greater liquidity risk.
- *Issuer Specific Risk*. The value of an equity security or debt obligation may decline in response to developments affecting the specific issuer of the security or obligation, even if the overall industry or economy is unaffected. These developments may

comprise a variety of factors, including, but not limited to, management issues or other corporate disruption, political factors adversely affecting governmental issuers, a decline in revenues or profitability, an increase in costs, or an adverse effect on the issuer's competitive position.

- *Concentrated Portfolios Risk*. Certain investment strategies focus on particular asset classes, countries, regions, industries, sectors or types of investments. Concentrated portfolios are an aggressive and highly volatile approach to trading and investing. Concentrated portfolios hold fewer different stocks than a diversified portfolio and are much more likely to experience sudden dramatic prices swings. In addition, the rise or drop in price of any given holding is likely to have a larger impact on portfolio performance than a more broadly diversified portfolio.
- *Legal or Legislative Risk*. Legislative changes or court rulings may impact the value of investments or the securities' claim on the issuer's assets and finances.

B. Risks Associated with Investment Strategies and Methods of Analysis

Risks Associated with Investment Strategies

<u>Long-Term Purchases</u>

Using a long-term purchase strategy generally assumes the financial markets will go up in the long-term which may not be the case. There is also the risk that the segment of the market that you are invested in or your particular investments will decrease in value even if the overall financial markets advance. Purchasing investments long-term may create an opportunity cost (e.g., "locking-up" assets that may be better utilized in the short-term in other investments).

<u>Short-Term Purchases</u>

Using a short-term purchase strategy generally assumes that the performance of the financial markets can be accurately predicted over the short-term. The risk associated with a short-term purchase strategy is that there are many factors that may affect market performance in the short-term including interest rate fluctuations, cyclical earnings, etc. Such factors may have a smaller impact over the longer-term. In addition, short-term trading may incur a disproportionately higher amount of transaction costs compared to long-term trading.

Risk Associated with Methods of Analysis

The analysis of securities requires subjective assessments and decision-making by experienced investment professionals, however, there is always the risk of an error in judgment.

JDP's securities analysis methods rely on the assumption that the companies whose securities the firm purchases and sells, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While JDP is alert to indications that data may be incorrect, there is always the risk that the firm's analysis may be compromised by inaccurate or misleading information.

Fundamental analysis, when used in isolation, has a number of risks:

- Information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.
- The data used may be out of date.
- It ignores the influence of random events such as oil spills, product defects being exposed, acts of God and so on.
- It assumes that there is no monopolistic power over markets.
- The market may fail to reach expectations of perceived value.

C. Risks Associated with Specific Securities Utilized

Common Stocks

The major risks associated with investing in common stocks relate to the issuer's capitalization, quality of the issuer's management, quality and cost of the issuer's services, the issuer's ability to manage costs, efficiencies in the manufacturing or service delivery process, management of litigation risk and the issuer's ability to create shareholder value (*e.g.*, increase the value of the company's stock price).

Preferred Stocks

Preferred stock dividends are generally fixed in advance. Unlike requirements to pay interest on certain types of debt securities, the company that issues preferred stock may not be required to pay a dividend and may stop paying the dividend at any time. Preferred stock may also be subject to mandatory redemption provisions and an issuer may repurchase these securities at prices that are below the price at which they were purchased by the investor. Under these circumstances, a client account holding such preferred securities could lose money.

Fixed-Income Securities

Different forms of fixed-income instruments, such as bonds, money market funds, and certificates of deposit may be affected by various forms of risk, including:

- *Interest Rate Risk*. The risk that the value of the fixed-income holding will decrease because of an increase in interest rates.
- *Liquidity Risk*. The inability to readily buy or sell an investment for a price close to the true underlying value of the asset due to a lack of buyers or sellers. While certain types of fixed-income securities are generally liquid (*e.g.*, corporate bonds), there are risks which may occur such as when an issue trading in any given period does not readily support buys and sells at an efficient price. Conversely, when trading volume is high, there is also the risk of not being able to purchase a particular issue at the desired price.
- *Credit Risk*. The potential risk that an issuer would be unable to pay scheduled interest or repay principal at maturity, sometimes referred to as "default risk." Credit risk may also occur when an issuer's ability to make payments of principal and interest when due is interrupted. This may result in a negative impact on all forms of debt instruments.
- *Reinvestment Risk*. With declining interest rates, investors may have to reinvest income or principal at a lower rate.

- *Duration Risk*. Duration is a measure of a bond's volatility, expressed in years to be repaid by its internal cash flow (interest payments). Bonds with longer durations carry more risk and have higher price volatility than bonds with shorter durations.

Municipal Bonds

In addition to the risks set forth under "Fixed-Income Securities" above, municipal bonds are susceptible to events in the municipality that issued the bond or the security posted for the bond. These events may include economic or political policy changes, changes in law, tax base erosion, state constitutional limits on tax increases, budget deficits or other financial difficulties and changes in the credit rating assigned to municipal issues.

Federal Agency Securities

Although the issuer may be chartered or sponsored by an Act of Congress, the issuer is not funded by Congressional appropriations and its debt and equity securities are neither guaranteed nor insured by the U.S. Government. Without a more explicit commitment, there can be no assurance that the U.S. Government will provide financial support to such issuers or their securities.

Exchange Traded Funds

ETFs are subject to risks similar to those of stocks. Investment returns will fluctuate and are subject to market volatility, so that when shares are sold they may be worth more or less than their original cost. ETF shares are bought and sold at market price (not Net Asset Value) and are not individually redeemed from the fund. There is also the risk that a manager may deviate from the stated investment mandate or strategy of the ETF which could make the holdings less suitable for a client's portfolio. ETFs may also carry additional expenses based on their share of operating expenses and certain brokerage fees, which may result in the potential duplication of certain fees. In addition, while many ETFs are known for their potential tax efficiency and higher "qualified dividend income" (QDI) percentages, there are assets classes within these ETFs or holding periods that may not benefit. Shorter holding periods, as well as commodities and currencies that may be part of an ETF's portfolio, may be considered "non-qualified" under certain tax code provisions.

Equity Funds

The major risks associated with investing in equity mutual funds is similar to the risks associated with investing directly in equity securities, including market risk, which is the risk that investment returns will fluctuate and are subject to market volatility, so that an investor's shares, when redeemed or sold, may be worth more or less than their original cost. Other risks include the quality and experience of the portfolio management team and its ability to create fund value by investing in securities that have positive growth, the amount of individual company diversification, the type and amount of industry diversification and the type and amount of sector diversification within specific industries. In addition, there is the risk that a manager may deviate from the stated investment mandate or strategy of the mutual fund which could make the holdings less suitable for a client's portfolio. Also, mutual funds tend to be tax inefficient and therefore investors may pay capital gains taxes on fund investments while not having yet sold their shares in the fund. Mutual funds may also carry additional expenses based on their share of operating expenses and certain brokerage fees, which may result in the potential duplication of certain fees.

Fixed-Income Funds

In addition to the risks associated with investing in equity mutual funds, fixed-income mutual funds also the same risks as set forth under “Fixed-Income Securities” listed above.

Indexed Funds

Indexed Funds have the potential to be affected by “tracking error risk” which means a deviation from a stated benchmark index. Since the core of a portfolio may attempt to closely replicate a benchmark, the source of the tracking error (deviation) may come from a “sample index” that may not closely align the benchmark. In addition, while many index mutual funds are known for their potential tax efficiency and higher “qualified dividend income” (QDI) percentages, there are assets classes within these funds or holding periods that may not benefit. Shorter holding periods, as well as commodities and currencies that may be part of a fund’s portfolio, may be considered “non-qualified” under certain tax code provisions.

Real Estate Related Securities

Investing in real estate related securities includes, among others, the following risks: possible declines in the value of real estate; risks related to general and local economic conditions, including increases in the rate of inflation, possible lack of availability of mortgage funds, overbuilding, extending vacancies of properties, increases in competition, property taxes and operating expenses, changes in zoning laws, costs resulting from clean up of, and liability to third-parties for damages resulting from, environmental problems, casualty and condemnation losses, uninsured damages from floods, earthquakes or other natural disasters, limitations on and variations in rents and changes in interest rates. Investing in Real Estate Investment Trusts (“REITs”) involves certain unique risks in addition to those risks associated with investing in real estate in general. REITs are dependent upon the skills of management, are not diversified and are subject to cash flow dependency, default by borrowers and self-liquidation.

Master Limited Partnerships

Master Limited Partnerships (MLPs) are a type of limited partnership that is publicly traded and sells like a common stock on the major stock exchanges. There are two types of partners in this type of partnership: The limited partner is the person or group that provides the capital to the MLP and receives periodic income distributions from the MLP’s cash flow, whereas the general partner is the party for responsible for managing the MLP’s affairs and receives compensation that is linked to the performance of the venture. MLP investors face several kinds of risk that are inherent in these types of investments and in the market, including loss of money, volatility and interest rate risk.

Please note that there may be other circumstances not described here that could adversely affect a client’s investment and prevent their portfolio from reaching its objective.

D. Cash Management

JDP will maintain cash balances to meet foreseeable short-term client cash needs, as a temporary repository pending investment in other securities, or as a defensive position when market conditions are considered adverse. High cash balances may be maintained for new clients whose accounts initially consist of high cash positions as cash is gradually invested in equity and fixed income securities.

Item 9 - Disciplinary History

JDP is required to disclose any legal or disciplinary events that are material to a client's or a prospective client's evaluation of the firm's advisory business or the integrity of JDP's management. Neither JDP nor any of its supervised persons have any reportable disciplinary history.

Item 10 - Other Financial Industry Activities and Affiliations

Jonathan D. Pond, Managing Member of JDP, is engaged in developing, supporting and promoting, primarily through public television, five financial products (*Smart Planner, Smart Investor, Your Investment Road Map, Your Lifetime Financial Planner and Your Financial Road Map*) that provide financial planning and investment guidance via computer-generated reports based on questionnaire responses. While these products are primarily offered through public television, other distribution outlets may include credit unions, banks, consumer credit counseling agencies, brokerage and mutual fund companies, associations and employers. JDP does not offer or solicit additional products or services in conjunction with the report service, maintains strict confidentiality and regularly purges the names and addresses of questionnaire respondents.

Jonathan D. Pond, Managing Member of JDP, is also the editor of a weekly email newsletter covering investment and financial planning topics, the host and executive producer of an annual public television special and a speaker at conferences and corporations.

In the course of these activities, Mr. Pond has been and may in the future be compensated for services directly or through the underwriting of his public television specials, indirectly by investment companies whose mutual funds Mr. Pond might recommend, or by broker-dealers that he recommends to clients.

Mr. Pond may also serve as a paid spokesperson for financial firms or membership organizations. He may recommend that clients independently investigate the products and services of these firms or organizations, but he receives no referral fees or other direct compensation from any client associations with these firms or organizations.

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

Code of Ethics

JDP has adopted a Code of Ethics to prevent violations of federal securities laws. The Code of Ethics is predicated on the principle that JDP and its employees owe a fiduciary duty to its clients. Accordingly, JDP expects all employees to act with honesty, integrity and professionalism and to adhere to federal securities laws. JDP and its employees are required to adhere to the Code of Ethics. At all times, JDP and its employees must (i) place client interests ahead of JDP's; (ii) engage in personal investing that is in full compliance with JDP's Code of Ethics; and (iii) avoid taking advantage of their position. Clients and prospective clients may request a copy of JDP's Code of Ethics by contacting Jonathan D. Pond, Managing Member of JDP, at (617) 243-0020.

Prohibition on Use of Insider Information

JDP has also adopted policies and procedures to prevent the misuse of "insider" information. A copy of JDP's Insider Trading policies and procedures is available to any client or prospective client upon request. For a copy of JDP's Insider Trading policies and procedures, please contact Jonathan D. Pond, Managing Member of JDP, at (617) 243-0020.

Participation or Interest in Client Transactions

JDP or individuals associated with JDP may buy, sell, or hold in their personal accounts the same securities that JDP recommends to its clients To minimize conflicts of interest, and to maintain the fiduciary responsibility JDP has for its clients, JDP has established the following policy: An officer, manager, or employee of JDP shall not buy or sell securities for a personal portfolio when the decision to purchase is derived by reason of their employment with JDP, unless the information is also available to the investing public as a whole. No person associated with JDP shall prefer his or her own interest to that of any client. Personal trades in securities being purchased or sold for clients may only be made simultaneously with or after trades are made for clients. JDP personnel may not anticipate trades to be placed for clients.

Additional Information

At times, related persons of JDP may purchase securities that it deems appropriate only for their own account. Based on the experience of such related persons holding the securities and on further research and due diligence, JDP may at a later time purchase such securities for client accounts at prices which might be higher or lower than those originally paid.

Item 12 - Brokerage Practices

A. Brokerage Selection

<u>Best Execution</u>

Best execution has been defined by the SEC as the "execution of securities transactions for clients in such a manner that the client's total cost or proceeds in each transaction is the most favorable under the circumstances." The best execution responsibility applies to the circumstances of each particular transaction and an investment adviser must consider the full range and quality of a broker-dealer's services, including, among other things, execution capability, commission rates, the value of any research, financial responsibility and responsiveness.

In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Consistent with the foregoing, while JDP will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client transactions.

<u>Broker Analysis</u>

JDP evaluates a wide range of criteria in seeking the most favorable price and market for the execution of transactions. These include the broker-dealer's trading costs, efficiency of execution and error resolution, financial strength and stability, capability, positioning and distribution capabilities, information in regard to the availability of securities, trading patterns, statistical or factual information, opinion pertaining to trading and prior performance in serving JDP.

Also in consideration is such broker-dealers' provision or payment of the costs of research and other investment management-related services (the provisional payment of such costs by brokers are referred to as payment made by "soft dollars", as further discussed in the "Research/Soft Dollars Benefits" section immediately below). Accordingly, if JDP determines in good faith that the amount of trading costs charged by a broker-dealer is reasonable in relation to the value of the brokerage and research or investment management-related services provided by such broker, the client may pay trading costs to such broker in an amount greater than the amount another broker might charge.

JDP's Managing Member is responsible for continuously monitoring and evaluation the performance and execution capabilities of brokers that transact orders for our client accounts to ensure consistent quality executions. In addition, JDP periodically reviews its transaction costs in light of current market circumstances and other relevant information.

Research/Soft Dollar Benefits

JDP does not maintain any formal soft dollar arrangements. However, JDP utilizes the services of the multiple broker-dealers, including Fidelity Investments Institutional Brokerage Group ("Fidelity"), Charles Schwab & Co., Inc. Institutional Services Group ("Schwab") and TIAA-CREF. While there is no direct linkage between the investment advice given to clients and JDP's use of these broker-dealers, economic benefits are received by JDP (e.g., benefits that JDP does not pay for), which would not otherwise be received if JDP did not direct client trades to these broker-dealers. While JDP is not affiliated with these broker-dealers, they may provide JDP with access to its institutional trading and operations services, which are typically not available to retail investors. These services may include research, brokerage, custody, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

These broker-dealers may also make available to JDP other products and services that benefit JDP, but may not benefit its clients' accounts. Some of these other products and services assist JDP in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of JDP's fees from its clients' accounts, and assist with back-office support, record keeping and client reporting. Many of these services generally may be used to service all or a substantial number of JDP'S accounts, including accounts not maintained at the specific broker-dealer that is offering this particular service. These broker-dealers also provide JDP with other services intended to help JDP manage and further develop its business enterprise. These services may include consulting, publications, conferences and presentations on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, these broker-dealers may make available, arrange and/or pay for these types of services to JDP by independent third parties. These broker-dealers may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to JDP.

While as a fiduciary JDP endeavors to act in its clients' best interests, JDP's recommendation that clients maintain their assets in accounts with Fidelity, Schwab or

TIAA-CREF may be based in part on the benefit to JDP of the availability of some of the foregoing products and services and not solely on the nature cost or quality of custody and brokerage provided by these broker-dealers which may create a conflict of interest.

Directed Brokerage

JDP Directed Brokerage

JDP does not have the discretionary authority to determine the broker-dealer to be used. As stated above, clients in need of brokerage will have Fidelity Investments Institutional Brokerage Group ("Fidelity"), Charles Schwab & Co., Inc. Institutional Services Group ("Schwab") and/or TIAA-CREF recommended to them. The determination of which broker-dealer to recommend to a client will depend on which broker-dealer offers a range of services that is better for the client.

While there is no direct linkage between the investment advice given and usage of these broker-dealers, economic benefits are received which would not be received if JDP did not give investment advice to clients (please see additional disclosures in the "Research/Soft Dollars Benefits" section directly above). JDP does not participate in any transaction fees or commissions paid to the broker dealer or custodian and does not receive any fees or commissions for the opening or maintenance of client accounts at recommended brokers.

Not all investment advisers require their clients to direct brokerage. JDP is required to disclose that by directing brokerage, JDP may not be able to achieve most favorable execution of client transactions and that this practice may cost clients more money.

Client Directed Brokerage

Certain clients may direct JDP to use particular brokers for executing transactions in their accounts. With regard to client directed brokerage, JDP is required to disclose that JDP may be unable to negotiate commissions, block or batch orders or otherwise achieve the benefits described above, including best execution. Directed brokerage commission rates may be higher than the rates JDP might pay for transactions in non-directed accounts. Therefore, directing brokerage may cost clients more money.

As a general rule, JDP encourages each client to compare the possible costs or disadvantages of directed brokerage against the value of custodial or other services provided by the broker to the client in exchange for the directed brokerage designation.

B. Trade Aggregation/Allocation

Portfolio Management

It is the objective of JDP to provide a means of allocating trading and investment opportunities between advisory clients on a fair and equitable basis and in compliance with all applicable state and federal guidelines. With respect to clients' accounts with substantially similar investment objectives and policies, JDP may often seek to purchase or sell a particular security in each account. JDP will aggregate orders only when such aggregation is consistent with JDP's duty to seek best execution and is consistent with the investment objective of each client. No client account will be unfairly favored over any other account. Each client that participates in an aggregated order will participate based on the average execution price in that particular security. All transaction costs will be allocated pro rata based on each client's participation in the transaction. All securities purchased or sold, whether the order is filled completely or partially, will then be allocated pro rata based on the assets of each account.

Financial Planning and Consulting

JDP's financial planning practice, due to the nature of its business and client needs, does not include blocking trades, negotiating commissions with broker dealers or obtaining volume discounts, nor necessarily obtaining the best price. Clients will be required to select their own broker dealers and insurance companies for the implementation of financial planning and/or consulting recommendations. JDP may recommend any one of several brokers. JDP clients must independently evaluate these brokers before opening an account. The factors considered by JDP when making this recommendation are set forth above. JDP's financial planning and consulting clients may use any broker or dealer of their choice.

C. Trade Errors

Trade errors are promptly reported to the custodian and will be rectified by the custodian with no adverse financial effect on the client. In the event the trade error results in a gain, JDP will either (i) credit the client's by depositing cash or (ii) reduce the client's portfolio management fees for the requisite period of time.

Item 13 - Review Of Accounts

Portfolio Management Services

Reviews

For those clients to whom JDP provides Portfolio Management Services, account reviews are conducted on an ongoing basis by Jonathan Pond, Managing Member of JDP. All clients are advised that it remains their responsibility to advise JDP of any changes in their investment objectives and/or financial situation. All clients are encouraged to review financial planning issues, investment objectives, and account performance with JDP on an annual basis.

Reports

Clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer/custodian for the clients' accounts. Those clients to whom JDP provides Portfolio Management Services will also receive a report from JDP summarizing account activity and performance no less than semiannually. Clients are urged to compare the account statement provided by the broker-dealer/custodian with those provided by JDP.

Financial Planning and Consulting Services

These client accounts will be reviewed as contracted for at the inception of the advisory relationship. All client accounts are reviewed by Jonathan Pond, the Managing Member of JDP.

Item 14 - Client Referrals And Other Compensation

A. Economic Benefits

JDP does not receive any economic benefits such as sales awards or other prizes from any non-client for providing investment advisory services to the firm's clients.

B. Client Referrals

Neither JDP nor any related person directly or indirectly compensates any person for client referrals.

Item 15 - Custody

JDP is deemed to have custody because JDP deducts its fees directly from client accounts.

Custody of client assets will be maintained with the independent custodian selected by the client. JDP will not have physical custody of any assets in the client's account except as permitted for payment of advisory fees. Clients will be solely responsible for paying all fees or charges of the custodian. Clients will authorize JDP to give the custodian instructions for the purchase, sale, conversion, redemption, exchange or retention of any security, cash or cash equivalent or other investment for the client's account.

Clients will receive directly from the custodian at least quarterly a statement showing all transactions occurring in the client's account during the period covered by the account statement, and the funds, securities and other property in the client's account at the end of the period. Clients are urged to carefully review the account statement sent by the broker-dealer/custodian and to compare the account statement provided by the broker-dealer/custodian with any statements provided by JDP.

Item 16 - Investment Discretion

For those client accounts over which JDP has discretion, JDP requests that it be provided with written authority (e.g., limited power of attorney contained in JDP's Portfolio Management Agreement) to determine the amounts of securities that are bought or sold. Any limitations on this discretionary authority shall be included in this written authority statement. Clients may change or amend these limitations as required. All such amendments shall be submitted in writing. JDP generally has discretionary authority to make the following determinations without obtaining the consent of the client before the transactions are effected: (1) which securities are bought and sold for the account and (2) the total amount of securities to be bought and sold. JDP's authority in making investment related decisions may be limited by account guidelines, investment objectives and trading restrictions, as agreed between JDP and the client.

Item 17 - Voting Client Securities

Proxy Voting

JDP does not vote proxies on behalf of its clients. Therefore, the client that maintains exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceeding or other type events pertaining to the client's investment assets. JDP and/or the client shall instruct each custodian of the assets to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets. Clients can contact Jonathan Pond, Managing Member of JDP, at (617) 243-0020 if they have questions regarding a particular solicitation.

Class Action Settlements

Although JDP has discretion over client accounts, it will not be responsible for handling client claims in class action lawsuits or similar settlements involving securities owned by the client. Clients will receive the paperwork for such claims directly from their account custodians. Each client should verify with their custodian or other account administrator whether such claims are being made on the client's behalf by the custodian or if the client is expected to file such claims directly.

Item 18 - Financial Information

A. Prepayment of Fees

Because JDP does not require or accept prepayment of more than $1,200 in fees six months or more in advance, JDP is not required include a balance sheet with this disclosure brochure.

B. Financial Condition

JDP does not have any adverse financial conditions to disclose.

C. Bankruptcy

JDP has never been the subject of a bankruptcy petition.

Item 19 – Additional Information

PRIVACY NOTICE

JDP views protecting its clients' private information as a top priority and has instituted policies and procedures to ensure that client information is private and secure. JDP does not disclose any nonpublic personal information about its clients or former clients to any nonaffiliated third parties, except as permitted or required by law. In the course of servicing a client's account, JDP may share some information with its service providers, such as transfer agents, custodians, broker-dealers, accountants, and lawyers, etc. JDP restricts internal access to nonpublic personal information about the client to those persons who need access to that information in order to provide services to the client and to perform administrative functions for JDP. As emphasized above, it has always been and will always be JDP's policy never to sell information about current or former clients or their accounts to anyone. It is also JDP's policy not to share information unless required to process a transaction, at the request of a client, or as required by law. For the full text of JDP's Privacy Policy, please contact Jonathan Pond, Managing Member of JDP, at (617) 243-0020.

CLIENT COMPLAINTS

Clients may contact Jonathan Pond, Managing Member of JDP, at (617) 243-0020 to submit a complaint. Written complaints should be sent to Jonathan D. Pond, LLC, One Gateway Center, 300 Washington Street, Suite 413, Newton, MA 02458.