



## WRAP FEE PROGRAM BROCHURE

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This wrap fee program brochure provides information about the qualifications and business practices of Martinсен Wealth Management, LLC. If you have any questions about the contents of this brochure, contact us at (877) 573-2043. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about Martinсен Wealth Management, LLC (CRD #332433), is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Martinsen Wealth Management, LLC is a registered investment adviser. **Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.**

## Item 2 Material Changes

This is the initial Wrap Brochure produced by Martinsen Wealth Management, LLC. Should any material changes be made to this Brochure, Martinsen Wealth Management, LLC will update the Brochure and list those material changes under this Item 2.

### Item 3 Table of Contents

Item 2 Material Changes .....	2
Item 3 Table of Contents .....	3
Item 4 Services, Fees, and Compensation .....	5
Description of the Firm .....	5
Description of Investment Advisory Services .....	5
Model Portfolios .....	5
Direct Asset Management Services .....	6
Types of Investments .....	7
Client Restrictions .....	7
Nondiscretionary Accounts .....	7
Wrap Fees and Compensation for Asset Management Services .....	7
Treatment of Mutual Fund Share Classes .....	10
Treatment of No Transaction Fee Securities .....	10
Best Interest and Investment Strategy .....	11
Brokerage Recommendations .....	11
Directed Brokerage .....	12
Soft Dollar Benefits .....	12
Block Trading Policy .....	12
Additional Compensation, Economic, and Non-Economic Benefits .....	13
Disclosure Regarding Rollover Recommendations .....	13
Item 5 Account Requirements and Types of Clients .....	14
Item 6 Portfolio Manager Selection and Evaluation .....	14
Wrap Fee Program .....	14
Tailor Advisory Services to Individual Needs of Clients .....	14
Types of Investments .....	15
Performance-Based Fees and Side-By-Side Management .....	15
Methods of Analysis .....	15
Investment Strategies .....	16
Risk of Loss .....	18
Voting Client Securities .....	23
Item 7 Client Information Provided to Portfolio Managers .....	23
Item 8 Client Contact with Portfolio Managers .....	24
Item 9 Additional Information .....	24
Disciplinary Information .....	24
Other Financial Industry Activities and Affiliations .....	24

Code of Ethics, Participation in Client Transactions, and Personal Trading..... 26  
    Code of Ethics Summary ..... 26  
    Affiliate and Employee Personal Securities Transactions Disclosure..... 26  
Review of Accounts..... 26  
Client Referrals and Other Compensation ..... 27  
Financial Information ..... 27

## Item 4 Services, Fees, and Compensation

### Description of the Firm

Martinsen Wealth Management, LLC (“MWM” or “the Firm”) is a registered investment adviser based in Tempe, Arizona, with branch offices in Tucson, Arizona and Valencia, California. MWM is organized as a limited liability company (“LLC”) under the laws of the state of Utah. MWM filed its initial application to become registered as an investment adviser on July 18, 2024.

Lane Martinsen is MWM’s sole owner.

### Description of Investment Advisory Services

MWM provides the investment advisory services described in this disclosure brochure through an appropriately licensed and qualified individual who is an investment adviser representative (“IAR” or “financial professional”). MWM provides personalized investment management services for clients seeking a personalized approach to implementing an investment strategy designed to meet their goals and objectives. MWM works with clients to understand their individual investment objectives, liquidity and cash flow needs, time horizon and risk tolerance, as well as any other factors pertinent to their specific financial situations. After an analysis of the relevant information, MWM assists clients in developing an appropriate strategy for managing their assets and financial affairs. Client accounts are managed primarily on a discretionary basis, but the firm can accommodate clients who prefer their assets be managed on a non-discretionary basis.

At the beginning of MWM’s relationship with you, your financial professional will review your current investment portfolio, obtain information necessary to understand your current and expected financial situation, discuss with you your investment history, objectives, special interests, and risk tolerance, and make recommendations regarding your portfolio.

MWM offers multiple types of advisory services designed to meet the unique needs of our clients. Below are descriptions of the primary advisory services we offer. A written investment advisory services agreement detailing the exact services we will provide to you and the fees you will be charged will be executed prior to the commencement of any services.

### **Model Portfolios**

MWM offers model portfolio selection services, which allows us to exercise discretion to implement a specialized investment strategy that is managed either by MWM, a third-party portfolio provider (individually, a “Strategist” and collectively “Strategists”), or a third-party investment manager (individually, a “Third-Party Manager” and collectively “Third-Party Managers”). These models are approved by the MWM Director of Investments prior to being available and are reviewed on a periodic basis. After gathering and reviewing information you provide, your financial professional will select the model portfolio(s) that align(s) with your disclosed financial circumstances, risk tolerance, and investment objectives. MWM will exercise its discretionary authority to implement the selected model portfolio(s) and to trade your account based on information or signals provided by the manager(s) of the model portfolio(s). In some instances, we will recommend a Third-Party Manager that has discretionary authority for the day-to-day management of the assets allocated to it by MWM or by you in separately managed accounts. The Third-Party Manager will directly trade the securities it selects for the account based on the applicable investment strategy. These managers also consider each client’s investment objectives, financial situation, and reasonable restrictions placed on the investment of the client’s assets when implementing the trades.

### *Model Portfolios: AE Wealth Management, LLC*

MWM has entered into a relationship with AE Wealth Management, LLC (“AE Wealth Management”) to provide services to the firm, including billing, trading, and reporting services. This arrangement allows MWM to access model portfolios, model managers, strategists, third party money managers, and trading services through AE Wealth Management’s managed account program. As part of the AE Wealth Management program, clients may give MWM and AE Wealth Management discretion to select third party, non-affiliated investment managers to design and manage model portfolios for client assets. MWM will be responsible for providing AE Wealth Management’s Firm Disclosure Brochure to clients participating in this program. Clients should thoroughly review the document regarding all disclosures, which may be material to a client regarding MWM’s relationship to the third-party advisor and how it may affect clients.

Model portfolios, whether created and managed by MWM or others, are designed for investors with varying degrees of risk tolerance ranging from a more aggressive investment strategy to a more conservative investment approach. Clients whose assets are invested in model portfolios may set reasonable restrictions on the specific holdings or allocations within the model or the types of securities that can be purchased in the model. Nonetheless, clients may impose restrictions on investing in certain securities or types of securities in their account. In such cases, this may prevent a client from investing in certain models.

We will be available to answer questions that you may have regarding your account. We will have the ability to select the model portfolio(s) as well as the ability to reallocate funds from or to the model portfolio(s) and funds in other accounts over which you have granted us discretionary authority. There may be other model portfolios not recommended by our firm that are suitable for you and that may be less costly than models recommended by our firm. No guarantees can be made that your financial goals or objectives will be achieved through Model Portfolios or by a recommended or selected model portfolio. Further, no guarantees of performance can ever be offered by our firm. Please refer to sections Methods of Analysis, Investment Strategies and Risk of Loss of **Item 6 – Portfolio Manager Selection and Evaluation** for more details.

### **Direct Asset Management Services**

MWM can also individually select the securities held in your account on a discretionary basis. We will have the ability to buy or sell securities on your behalf without your prior permission for each transaction. That notwithstanding, you will have the ability to impose restrictions on the management of your account, including the ability to instruct us not to purchase certain securities.

We will need to obtain certain information from you regarding your financial situation, investment objectives, and risk tolerance so we may manage your account according to those factors. As part of this process, your financial professional will gather and review information you provide. You will be responsible for notifying us of any updates regarding your financial situation, investment objectives, and risk tolerance and whether you wish to impose or modify any existing investment restrictions.

The financial situation, investment objectives, and risk tolerance for each MWM client is unique. As a result, advice to another client or actions taken for them or for our personal accounts can differ from the advice we provide to you or the actions we take for you. We are not obligated to buy, sell, or recommend to you any security or other investment that we may buy, sell, or recommend for any other clients or for our own accounts.

Conflicts can arise in the allocation of investment opportunities among accounts that we manage. We strive to allocate investment opportunities believed to be appropriate for your account(s) and other accounts

advised by our firm among such accounts equitably and consistent with the best interests of all accounts involved. But there can be no assurance that a particular investment opportunity that comes to our attention will be allocated in any particular manner. If we obtain material, non-public information about a security or its issuer, we may not lawfully use or disclose this information. We will also not allow our clients to use this information.

### **Types of Investments**

MWM primarily provides investment advice, based on the client's stated goals and objectives, on various types of investments including equity securities, exchange traded funds ("ETFs"), mutual funds, corporate debt securities, municipal securities, United States government securities, mortgage securities, agency securities, asset backed securities, Certificates of Deposit ("CD's"), structured notes and money market funds. The firm generally provides advice only on the products previously listed, but reserves the right to offer advice on any investment product that may be suitable for each client's specific circumstances, needs, goals, and objectives.

### **Client Restrictions**

Notwithstanding the foregoing, clients may impose certain written restrictions on us in the management of their investment portfolios, such as prohibiting the inclusion of certain types of investments in an investment portfolio or prohibiting the sale of certain investments held in the account at the commencement of the relationship. Each client should note, however, that restrictions imposed by a client may adversely affect the composition and performance of the client's investment portfolio. Each client should also note that his or her investment portfolio is treated individually by giving consideration to each purchase or sale for the client's account. For these and other reasons, performance of client investment portfolios within the same investment objectives, goals, and risk tolerance may differ, and clients should not expect that the composition or performance of their investment portfolios would necessarily be consistent with similar clients of ours.

### **Nondiscretionary Accounts**

Clients who choose a nondiscretionary arrangement must be contacted prior to the execution of any trade in the account(s) under management. This may result in a delay in executing recommended trades, which could adversely affect the performance of the portfolio. This delay also normally means the affected account(s) will not be able to participate in block trades, a practice designed to enhance the execution quality, timing, or cost for all accounts included in the block. In a non-discretionary arrangement, the client retains the responsibility for the final decision on all actions taken with respect to the portfolio. You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.

### **Wrap Fees and Compensation for Asset Management Services**

A wrap fee is a fee an investor pays that includes management fees, transaction costs, fund expenses, and other administrative fees. With the exception of clients' 401(k) or 403(b) accounts, all MWM investment advisory services client accounts will be participating in MWM's wrap fee program. MWM will collect the fee from the client as indicated in the Investment Advisory Agreement. MWM will then pay a portion of the fees collected to AE Wealth Management or other service providers for services rendered. The maximum fee returned to AE Wealth Management for services rendered on behalf of MWM is 20 basis points (0.20%) on an annual basis.

Fees for services provided through our wrap fee program are charged based on a percentage of assets under management, billed in arrears (at the end of the billing period) on a monthly calendar basis and calculated based on the average daily balance of the account for the current billing period, all according to the fee schedule below:

Assets Under Management	Min. Amount	Max Amount	Annual Fee
1 <sup>st</sup> \$250,000	\$0	\$250,000	1.50%
2 <sup>nd</sup> \$250,000	\$250,001	\$500,000	1.40%
3 <sup>rd</sup> \$250,000	\$500,001	\$750,000	1.30%
4 <sup>th</sup> \$250,000	\$750,001	\$1,000,000	1.20%
Next \$500,000	\$1,000,001	\$1,500,000	1.00%
Next \$3,500,000	\$1,500,001	\$5,000,000	0.75%
Above \$5,000,000	\$5,000,001	And Up	0.50%

Fees are prorated (based on the number of days service is provided during the initial billing period) for your account opened at any time other than the beginning of the billing period. Under the average daily balance method, each day's balance for the month is summed and then divided by the number of days in the month to compute the average daily balance. The average daily balance is then multiplied by the monthly portion of the annual fee to determine the monthly fee due. Cash and/or Money Market funds placed in the account will be included in the average daily balance for billing. The services under this program continue in effect until terminated by either party by providing written notice of termination to the other party. Any prepaid, unearned fees will be promptly refunded by MWM to you.

MWM combines the account values of family members living in the same household to determine the applicable advisory fee. For example, account values for you and your minor children, joint accounts with your spouse, and other types of related accounts may be combined. Combining account values may increase the asset total, which may result in your paying a reduced advisory fee based on the available breakpoints in our fee schedule stated above. MWM also reserves the right to reduce or waive fees at its discretion.

MWM's fee is deducted directly from your account through the qualified custodian holding your funds and securities. Advisory fees are deducted only when you have given our firm written, ongoing authorization permitting the fees to be paid directly from your account(s), which authorization you must provide for MWM to begin providing investment advisory services to you.

Your qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account, including fees paid to MWM for services rendered. You should review all statements for accuracy.

Pursuant to our agreement with AE Wealth Management as MWM's third-party billing service provider and in accordance with your written authorization, AE Wealth Management will, on MWM's behalf, withdraw the fees directly from your account(s) each month. MWM will then pay a portion of the fee to AE Wealth Management for its various services to MWM, including any fees associated with MWM's clients' use of certain AE Wealth Management models.

When we use our own model portfolios or direct asset management services, a portion of your investment advisory fee is not allocated to a third party manager, but your overall fee will not be lower in such circumstances. As a result, MWM is incentivized to select model portfolios that we manage in lieu of model portfolios managed by others. We address this conflict of interest by disclosing it to you in this brochure and requiring your financial professional to make investment recommendations that are in your best interest. The rationale for not reducing your fees is that we incur expenses related to the management of our proprietary models.

MWM believes that its wrap fee is reasonable in relation to services provided and the fees charged by other investment advisers offering similar services and programs, but our fee may be higher than that charged by other investment advisers offering similar services and programs. In addition to our compensation, you



may also incur charges imposed at the mutual fund level (e.g., advisory fees and other fund expenses).

In most circumstances, investment advisory fees will be deducted from your account and paid directly to our firm by the qualified custodian(s) of your account. You must authorize the qualified custodian(s) of your account to deduct fees from your account and pay such fees directly to AE Wealth Management as billing agent for MWM. If more convenient for you, you have the authority to require us to charge your investment advisory fees to a single, designated account. Keep in mind that your custodian will rely on our instructions to charge the designated account and will have no responsibility to confirm those instructions with you or verify the amount or timing of investment advisory fees charged to the designated account. Additionally, collecting a fee for a taxable account out of a non-taxable account typically constitutes a taxable event and may be subject to a penalty. Please consult with a tax advisor in the event you wish to charge all fees to a single advisory account.

You should review your account statements received from the qualified custodian(s) and verify that appropriate investment advisory fees are being deducted. The qualified custodian(s) will not verify the accuracy of the investment advisory fees deducted. MWM has discretion to bill you for fees incurred instead of deducting the fees from your account.

Either MWM or you may terminate the Investment Advisory Agreement at any time immediately upon written notice to the other party in accordance with the terms of the Investment Advisory Agreement. If services are terminated at any time other than the last business day of the month, fees for the final billing period will be determined on a pro rata basis using the number of days services are actually provided during the final period. Upon termination, you are responsible for monitoring the securities in your account, and we will have no further obligation to act or advise with respect to those assets. In the event of a client's death or disability, MWM will continue management of the account until we are notified of the client's death or disability, at which point we will then freeze the account until we have received the appropriate documentation to update the account or transfer it to the client's beneficiaries. If at some point the account is again in good order, we will resume management.

If you are an investment advisory client of MWM, asset management services are only offered through our wrap fee program (with the exception of 401(k) and 403(b) accounts, as previously noted). Therefore, you will generally only pay fees based on assets under management and, in most circumstances, you will not pay a separate commission, ticket charge, or custodial fee for the execution of transactions in your account. If there is a low number of trades or transactions in your account(s) that we manage, it is likely that the wrap fee will be higher than an account charged on a transactional basis.

In addition to the fees described above, you may incur certain charges imposed by third parties other than MWM in connection with investments made through your account. These fees include, but are not limited to, charges imposed directly by a mutual fund (e.g. 12b-1 trails), index fund, or exchange-traded fund which shall be disclosed on the fund's prospectus, mark-ups and mark-downs, spreads paid to market makers, surrender charges, IRA and qualified retirement plan fees, regulatory fees assessed by the SEC or FINRA, fees (such as a commission or markup) for trades executed away from our custodians at another broker-dealer, wire transfer fees, and other fees and taxes on brokerage accounts and securities transactions. The markups and markdowns, bid-ask spreads, and selling concessions are related to your custodian acting as a principal. Principal transactions contrast with transactions in which the custodian acts as your agent in effecting trades. Markups and markdowns and bid-ask spreads are not separate fees but are reflected in the net price at which a trade order is executed. You will also pay costs imposed by third parties, such as transfer taxes, odd-lot differentials, certificate delivery fees, reorganization fees, and any other fees required by law. MWM management fees are separate and distinct from fees and expenses charged by investment company securities recommended to you. A description of these fees and expenses is available in each investment company security's prospectus. Additionally, you can find more information on these fees on custodians' websites. For fee information for Fidelity, visit <https://www.fidelity.com/trading/commissions-margin-rates>.

Lower fees for comparable services may be available from other sources.

### **Treatment of Mutual Fund Share Classes**

Mutual funds often offer multiple share classes with differing internal fee and expense structures. MWM endeavors to identify and utilize the share class with the lowest internal fee and expense structure for each mutual fund, but instances can occur in which the lowest cost share class is not used. These instances include:

- **Instances in which a certain custodian has a share class available that has a lower internal fee and expense structure than is available for the same mutual fund at other custodians.** In such instances, MWM will select the lowest cost share class available at the custodian that holds your account even though a lower cost share class is available at another custodian.
- **Instances in which the custodian that holds your account offers others a share class with a lower internal fee and expense structure than what is available to MWM at the same custodian.** In such instances, MWM will select the lowest cost share class that the custodian makes available. This situation sometimes occurs because the custodian places conditions on the availability of the lower cost share class that MWM has determined are not appropriate to accept due to additional costs imposed by said conditions.
- **Instances in which a share class with a lower internal fee and expense structure becomes available after the share class you hold was purchased.** MWM periodically monitors for this circumstance, but a share class with a lower internal fee may become available between the time of your purchase and MWM's next review. If during that review MWM determines a lower share class is available, we request the custodian convert the mutual fund share to the lower class.
- **Instances in which a share class with a lower internal fee and expense structure than the share class you currently hold is available at your custodian, but there are limitations as it relates to share class eligibility, custodian restrictions, or additional fees or taxes that the conversion would trigger.** MWM cannot convert to a share class with a lower internal fee and expense structure if the account is ineligible (e.g., the fund company only allows certain types of registration types to use the share class or the account does not meet the investment minimum for the share class) or if the fund company will not accept a conversion if the share amount is too small. MWM also cannot convert to a lower internal fee and expense structure if the custodian will not allow it (e.g., custodial restrictions). Also, MWM does not convert to a share class with a lower internal fee and expense structure if the conversion will cause a taxable event or other expense or cost to you that negates the advantage of the lower cost share class.
- **Instances in which a third-party model manager selects a share class for inclusion in a model that is not the lowest cost share class available.** You should anticipate that third-party model managers, including AE Wealth Management, make their investment selections without any input from MWM. In such cases, MWM implements the models as directed by the third-party model managers and does not screen for the lowest mutual fund share class available.
- **Instances in which you make your own investment selections in a client-directed account.** In such circumstances, MWM does not screen for the lowest mutual fund share class available.

### **Treatment of No Transaction Fee Securities**

Certain securities qualify for no transaction fee pricing (i.e., \$0.00 commissions) with our custodians. If you receive services on a wrap fee basis and participate in transactions that qualify for no transaction fee

pricing, it will not affect MWM's fee. MWM may receive favorable pricing on specific securities offered at our custodians for the trading of ETFs and individual equities. For services you receive through our wrap fee programs, we may compensate the custodian(s) for their custodial services with a portion of the fee that we charge you. Depending on the products you hold in your account. MWM sometimes does not incur custodial service fees from the custodian. In the event MWM does not incur custodial fees, no additional discounts are applied to the fees you pay MWM. Additionally, an investment in a no transaction fee mutual fund does not necessarily mean that the investment is in that mutual fund's lowest share class, nor will it necessarily be the lowest cost option when comparing funds and classes.

### **Best Interest and Investment Strategy**

Our investment advice is based on your financial situation, investment objectives, and risk tolerance. Your financial professional will assist you in determining your objective(s), investment strategy, and investment suitability, prior and subsequent to opening an asset management account. Accordingly, we will need to obtain certain information from you to determine your financial situation, investment objectives, and risk tolerance. As part of this process, we will assist you in completing a detailed client profile questionnaire and review the information you provide. You will be responsible for notifying us of any updates regarding your financial situation, investment objectives, or risk tolerance, and whether you wish to impose or modify any existing investment restrictions.

The financial situation, investment objectives, and risk tolerance for each MWM client is unique. As a result, we may give advice to another client or take actions for them or for our personal accounts that is different from the advice we provide to you or actions taken for you. We are not obligated to recommend to you (or select for you if discretionary authority is granted by you) a third-party model manager and corresponding model portfolio that we are recommending or selecting for other clients or our personal accounts.

### **Brokerage Recommendations**

To use our asset management services, MWM will require that you establish or maintain a brokerage account with Fidelity Institutional Wealth Services or its affiliate, National Financial Services, LLC (collectively "Fidelity"). Fidelity is a member of FINRA and SIPC. Fidelity is an independent and unaffiliated registered broker-dealers, will act solely in their broker-dealer capacity and not as an investment adviser to you, and are chosen by MWM to maintain custody of clients' assets and effect trades for their accounts. Fidelity has no discretion over your account and will act solely on instructions they receive from MWM.

The primary factor in suggesting a broker-dealer or custodian is that the services of the recommended firm are provided in a cost-effective manner. Although quality of execution at the best price is an important determinant, best execution does not necessarily mean lowest price, and it is not the sole consideration. The trading process of any broker-dealer and third-party manager chosen or suggested by MWM must be efficient, seamless, and straightforward. Overall custodial support services, trade correction services, and statement preparation are some of the other factors determined when suggesting a broker-dealer.

Fidelity provides us with access to their institutional trading and custody services, which are typically not available to retail investors. Their services include brokerage, custody, research, 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.

We compensate Fidelity for their custodial services with a portion of the fee that we charge you. They offer certain securities, including specified equities, mutual funds and exchange-traded funds, on a no-transaction-fee basis. To the extent purchases or sales of securities in your account qualify for no-transaction-fee pricing, they do not reduce the fee assessed to MWM for custodial services, and MWM does not lower the investment advisory fee charged to you.

Fidelity also commonly makes other products and services available to many, if not all, investment advisers like MWM that are not always available to retail investors. These products and services may benefit us but may not benefit our clients' accounts. Some of these other products and services assist us in managing and administering client accounts. These include software and other technology that:

- Provide access to client account data (such as trade confirmation 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 our fees from client accounts.
- Assist with back-office functions, recordkeeping, and client reporting.

Many of these services generally may be used to service all or a substantial number of our accounts, regardless of where those accounts are maintained. Fidelity also makes available other services intended to help us manage and further develop our business. Again, Fidelity commonly makes these products and services available to many, if not all, investment advisers. These services may include:

- Educational conference and events.
- Consulting, publications and conferences on practice management.
- Information technology.
- Business succession and transition assistance.
- Regulatory compliance.
- Marketing consulting and support.
- Assistance with client paperwork and other items related to transitions to MWM.

In addition, Fidelity may make available, arrange, or pay for these types of services rendered to us by independent or related third parties. These additional benefits may be provided at no cost to MWM or you.

As a fiduciary, we endeavor to act in your best interest. Our recommendation that you maintain your assets in accounts at Fidelity will be based in part on the benefit to us in the availability of some of the foregoing products and services and not solely on the nature, cost, or quality of custody and brokerage services provided by Fidelity. This creates a conflict of interest.

### **Directed Brokerage**

Clients should understand that not all IARs require the use of a particular broker-dealer or custodian. Some IARs allow their clients to select whichever broker-dealer the client decides. By requiring clients to use a particular broker-dealer, MWM may not achieve the most favorable execution of client transactions and the practice requiring the use of specific broker-dealers may cost clients more money than if the client used a different broker-dealer or custodian. However, for compliance and operational efficiencies, MWM has decided to require our clients to use broker-dealers and other qualified custodians chosen by MWM.

### **Soft Dollar Benefits**

Except as described above, MWM does not receive "soft dollar" benefits, which are research products or services in exchange for commissions generated by transactions in client accounts.

### **Block Trading Policy**

With respect to our asset management services, we may elect to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch

trading, or block trading, which we use when we believe it may prove advantageous to clients. If and when we aggregate client orders, allocating securities among client accounts is done on a fair and equitable basis. Typically, the process of aggregating client orders is done to achieve better execution, to negotiate more favorable commission rates, or to allocate orders among clients on a more equitable basis to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently.

In the event an order is only partially filled, the shares will be allocated to participating accounts in a fair and equitable manner, typically in proportion to the size of each client's order.

Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts, but they will not be given preferential treatment.

We do not block trade for non-discretionary accounts. Accordingly, non-discretionary accounts may pay different costs than discretionary accounts pay. If you enter into non-discretionary arrangements with our firm, we may not be able to buy and sell the same quantities of securities for you and as a result you may pay higher commissions, fees, or transaction costs than clients who enter into discretionary arrangements with our firm.

### **Additional Compensation, Economic, and Non-Economic Benefits**

Financial professionals providing investment advice on behalf of MWM are also licensed as independent insurance agents. They earn commission-based compensation for selling fixed annuities and insurance products. Insurance commissions earned are separate and in addition to our advisory fees. This practice presents a conflict of interest because our financial professionals who are also insurance agents have a financial incentive to recommend insurance products to you. You are under no obligation, contractual or otherwise, to purchase insurance products through any person affiliated with our firm.

When managing accounts through programs outlined in this disclosure brochure, some of the advice we offer may involve investments in mutual fund products. Load and no-load mutual funds may pay annual distribution charges sometimes referred to as 12b-1 fees. However, MWM does not receive any portion of the 12b-1 fees paid or other compensation, such as commissions, loads, and trails, in these transactions.

You are never obligated to the broker-dealer(s) we have chosen, and you are never obligated to purchase investment products through our financial professionals. You have the option to purchase investment products through other brokers or advisers that are not affiliated with MWM.

### **Disclosure Regarding Rollover Recommendations**

When you leave an employer, you typically have five options regarding your existing retirement plan: (i) leave the money in the former employer's plan, if permitted; (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted; (iii) rollover to a brokerage (self-directed) Individual Retirement Account ("IRA"); (iv) roll over the assets to an advisory IRA; or (v) cash out the account value (which could, depending upon your age, result in adverse tax consequences). Clients contemplating rolling over retirement funds to an IRA for MWM to manage are encouraged to first speak with their CPA or tax attorney.

There is a financial incentive for your financial professional to recommend that you roll over your assets into one or more accounts, because the enrollment will generate compensation based on the increase in MWM's total assets under management. We address these financial compensation conflicts by including the disclosure of the conflicts in this brochure and by requiring your financial professional to recommend investment advisory programs, investment securities, and services that are in the best interest of each



client based upon the client's investment objectives, risk tolerance, financial situation, and cost, among other factors. As fiduciaries of the Investment Advisers Act of 1940, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way MWM makes money creates some conflicts with your interests. You are under no obligation, contractually or otherwise, to complete the rollover. Furthermore, if you do complete the rollover, you are under no obligation to have the assets in an account managed by us.

## **Item 5 Account Requirements and Types of Clients**

MWM offers investment advisory services to the following types of clients:

- Individuals;
- High net worth individuals;
- Corporations and other business entities;
- Trusts, estates, charitable organizations, foundations, and endowments; and;
- Retirement plans.

Clients are required to execute a written investment advisory agreement with MWM when establishing an investment advisory relationship.

In general, MWM requires a minimum of \$250,000 to open and maintain an advisory account. MWM reserves the right to waive this minimum at its discretion. All of MWM's investment advisory client accounts must participate in the wrap fee program except accounts for which participation is not permitted, e.g., 401(k) and 403(b) accounts.

As of July 18, 2024, MWM provides continuous and regular supervisory management and oversight services for \$0 in client assets on a discretionary basis and \$0 in client assets on a non-discretionary basis.

## **Item 6 Portfolio Manager Selection and Evaluation**

MWM is the sole portfolio manager under this wrap fee program. MWM's advisory services are described in **Item 4 – Services, Fees, and Compensation** above; additional services are described below. Please refer to the Firm 2A Brochure for additional information. Please understand that a written investment advisory services agreement, which details the exact terms of the service, must be signed by you and MWM before we can provide you with the services described below.

### **Wrap Fee Program**

MWM's wrap fee program is described in **Item 4 – Services, Fees, and Compensation** above.

### **Tailored Advisory Services to Individual Needs of Clients**

MWM's asset management services are always provided based on your individual needs. Your financial professional will assist you in determining your objective(s), investment strategy, and investment suitability prior and subsequent to opening an asset management account. Accordingly, we will need to obtain certain information from you to determine your financial situation, investment objectives, and risk tolerance. As part of this process, your financial professional will assist you in completing a detailed client profile questionnaire and review the information you provide. When we provide asset management services, you are given the ability to impose restrictions on the accounts we manage for you, including specific

investment selections and sectors. You will be responsible for notifying us of any updates regarding your financial situation, investment objectives, or risk tolerance and whether you wish to impose or modify any existing investment restrictions.

We will not enter into an investment adviser relationship with a prospective client whose investment objectives may be considered incompatible with our investment philosophy or strategies or where the prospective client seeks to impose unduly restrictive investment guidelines.

### **Types of Investments**

MWM primarily provides investment advice, based on the client's stated goals and objectives, on various types of investments including equity securities, exchange traded funds ("ETFs"), mutual funds, corporate debt securities, municipal securities, United States government securities, mortgage securities, agency securities, asset backed securities, Certificates of Deposit ("CD's"), structured notes and money market funds. The firm generally provides advice only on the products previously listed, but reserves the right to offer advice on any investment product that may be suitable for each client's specific circumstances, needs, goals, and objectives.

### **Performance-Based Fees and Side-By-Side Management**

Performance-based fees are defined as fees based on a share of capital gains on or capital appreciation of the assets of a client. Side-by-side management is the practice of charging a traditional management fee and a performance-based fee simultaneously. Neither MWM nor its investment adviser representatives receive performance-based fees or participate in side-by-side management.

### **Methods of Analysis**

MWM may use one or more of the following methods of analysis when providing investment advice to you:

- **Cyclical.** The Cyclical Method analyzes investments that are sensitive to business cycles and whose performance is strongly tied to the overall economy. For example, cyclical companies tend to make products or provide services that are in lower demand during downturns in the economy and in higher demand during upswings. Examples include the automobile, steel, and housing industries. The stock price of a cyclical company will often rise just before an economic upturn begins and fall just before a downturn begins. Investors in cyclical stocks try to make the largest gains by buying the stock at the bottom of a business cycle, just before a turnaround begins.

While most economists and investors agree that there are cycles in the economy that need to be respected, the duration of such cycles is generally unknown. An investment decision to buy at the bottom of a business cycle may actually turn out to be a trade that occurs before or after the bottom of the cycle. If done before the bottom, then downside price action can result prior to any gains. If done after the bottom, then some upside price action may be missed. Similarly, a sell decision meant to occur at the top of a cycle may result in missed opportunity or unrealized losses.

- **Fundamental.** The Fundamental Method evaluates a security by attempting to measure its intrinsic value by examining related economic, financial, and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of a company). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). Fundamental analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for

just about any type of security.

The risk associated with fundamental analysis is that it is somewhat subjective. Although a quantitative approach is possible, fundamental analysis usually entails a qualitative assessment of how market forces interact with one another in their impact on the investment in question. It is possible for those market forces to point in different directions, thus necessitating an interpretation of which forces will be dominant. This interpretation may be wrong and could therefore lead to an unfavorable investment decision.

- **Technical.** The Technical Method evaluates securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

Technical analysis is even more subjective than fundamental analysis in that it relies on proper interpretation of a given security's price and trading volume data. A decision might be made based on a historical move in a certain direction that was accompanied by heavy volume; however, that heavy volume may only be heavy relative to past volume for the security in question, but not compared to the future trading volume. Therefore, there is the risk of a trading decision being made incorrectly since future trading volume is an unknown. Technical analysis is also done through observation of various market sentiment readings, many of which are quantitative. Market sentiment gauges the relative degree of bullishness and bearishness in a given security, and a contrarian investor utilizes such sentiment advantageously. When most traders are bullish, then there are very few traders left in a position to buy the security in question, so it becomes advantageous to sell it ahead of the crowd. When most traders are bearish, then there are very few traders left in a position to sell the security in question, so it becomes advantageous to buy it ahead of the crowd. The risk in utilization of such sentiment technical measures is that a very bullish reading can always become more bullish, resulting in lost opportunity if the money manager chooses to act upon the bullish signal by selling out of a position. The reverse is also true in that a bearish reading of sentiment can always become more bearish, which may result in a premature purchase of a security.

Charting is a set of techniques used in technical analysis in which charts are used to plot price movements, volume, settlement prices, open interest, and other indicators, in order to anticipate future price movements. Users of these techniques, called chartists, believe that past trends in these indicators can be used to extrapolate future trends. Charting is likely the most subjective analysis of all investment methods since it relies on proper interpretation of chart patterns. The risk of reliance upon chart patterns is that the next day's data can always negate the conclusions reached from prior days' patterns. Also, reliance upon chart patterns bears the risk of a certain pattern being negated by a larger, more encompassing pattern that has not yet shown itself.

To conduct analysis, MWM gathers information from financial newspapers and magazines, inspection of corporate activities, research materials prepared by others, investment research software, corporate rating services, timing services, annual reports, prospectuses and filings with the SEC, and company press releases. There are risks involved with any method of analysis that may be used.

### **Investment Strategies**

MWM may employ one or more the following investment strategies when managing client assets or providing investment advice:

- **Direct Indexing.** Direct indexing is the process by which an investor invests in an investment portfolio comprising individual securities intended to replicate the performance of one or more



investment indexes, strategies, or models (individually a “Benchmark” and when the portfolio contains securities that reference more than one Benchmark, a “Blended Benchmark”). The inputs include but are not limited to preferences, which may include individual or lists of companies chosen for the portfolio; a desired Benchmark or a relative allocation between Benchmarks (“Blended Benchmark”); and investment strategy constraints, such as security exposure, turnover, and trade thresholds and tax considerations.

Direct indexing products may not contain all constituent securities of the Benchmark, may contain alternative securities, or may contain securities in different weights or allocations than the Benchmark. As a result, the portfolios will not track the Benchmark exactly, and the gains or losses of the portfolio may be greater or less than the gains or losses experienced by the Benchmark. This difference is known as “tracking error.” MWM will take reasonable efforts to mitigate tracking error within a set target range by rebalancing the portfolio through the purchase and sale of constituent securities but cannot guarantee that it will always be able to successfully mitigate tracking error. Any restrictions placed by the client on securities that may be held in a portfolio and the budget for realized capital gains on transactions in the account may increase tracking error and decrease the effectiveness of rebalancing. MWM cannot guarantee that the dividend yield in any portfolio will accurately track the benchmark.

In taxable accounts, a strategy of tax loss harvesting is often employed in direct indexing accounts. But tax-loss harvesting involves certain risks, including that the new investment could have higher costs or perform worse than the original investment and could introduce portfolio tracking error into accounts. There may also be unintended tax implications. **MWM does not hold itself out as an accountant or tax advisor and does not provide such services. Therefore, MWM recommends consulting with a tax advisor before engaging in direct indexing for the purpose of tax loss harvesting.**

- **Options Trading.** An option is a contract that gives the buyer the right, but not the obligation, to buy or sell a particular security at a specified price before the expiration date of the option. The two types of options are calls and puts. A call gives the holder the right to buy an asset at a certain price within a specific period of time. A put gives the holder the right to sell an asset at a certain price within a specific period of time. MWM writes call options to supplement certain direct indexing and strategic indexing strategies. Options are complex securities that involve risks and are not suitable for everyone.
- **Strategic asset allocation.** A strategic asset allocation strategy calls for setting target allocations and then periodically rebalancing the portfolio back to those targets as investment returns skew the original asset allocation percentages. The concept is akin to a “buy and hold” strategy, rather than an active trading approach. Of course, the strategic asset allocation targets may change over time as the client’s goals and needs change and as the time horizon for major events such as retirement and college funding grow shorter.
- **Style-based investing.** There are various “style-based” investing strategies. The value investing strategy involves selecting stocks that trade for less than their intrinsic values. Value investors typically seek stocks of companies that they believe the market has undervalued. They believe the market overreacts to good and bad news, resulting in stock price movements that do not correspond with the company’s long-term fundamentals. The result is an opportunity for value investors to profit by buying when the price is deflated. Often, value investors select stocks with lower-than-average price-to-book or price-to-earnings ratios or high dividend yields. The risks associated with value-investing include incorrectly analyzing and overestimating the intrinsic value of a business, concentration risk, under performance relative to major benchmarks, macro-economic risks,

investing in value traps i.e. businesses that remain perpetually undervalued, and lost purchasing power on cash holdings in the case of inflation. Growth investing is a strategy focused on increasing an investor's capital by typically investing in young or small companies whose earnings are expected to increase at an above-average rate compared to their industry sector or the overall market. This can be a popular strategy, but because these companies are still new, investing in them imposes a fairly high risk.

- **Tactical asset allocation.** A tactical asset allocation strategy allows for a range of percentages in each asset class (such as stocks = 40-50%). The ranges establish minimum and maximum acceptable percentages that permit the investor to take advantage of market conditions within these parameters. Certain tactical strategies may also trade frequently, which may cause tax implications. **MWM does not hold itself out as an accountant or tax advisor and does not provide such services. Therefore, MWM recommends consulting with a tax advisor as it relates to this investment strategy.**

### Risk of Loss

Investing in securities (including stocks, mutual funds, and bonds) always involves risk of loss. Depending on the different types of investments utilized, there are varying degrees of risk. Accordingly, you should be prepared to bear investment loss including the loss of your original principal. Furthermore, past performance is not indicative of future results. Therefore, you should never assume that any specific investment or investment strategy will be profitable.

Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated with investing in securities through our investment management program:

- **Alternative Investments Risk.** Alternative investments typically do not correlate to the stock market, which means they can be used to add diversification to a portfolio and help mitigate volatility. Alternative Investments can be illiquid due to restrictions on transfer and the lack of a secondary trading market. These investments may lack transparency as to share price, valuation, and portfolio holdings. Complex tax structures often result in delayed tax reporting. Compared to mutual funds, private funds are subject to less regulation and often charge higher fees. Alternative investments encompass a broad array of strategies, each with its own unique return and risk characteristics to be considered on a case-specific basis.
- **Company Risk.** When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company's stock may be reduced.
- **Certificates of Deposit.** Certificates of deposit ("CD") are generally a safe type of investment since they are insured by the Federal Deposit Insurance Company ("FDIC") up to a certain amount. However, because the returns are generally low, there is risk that inflation outpaces the return of the CD. Certain CDs are traded in the market place and not purchased directly from a banking institution. In addition to trading risk, when CDs are purchased at a premium, the premium is not covered by the FDIC.
- **Collateralized Loan Obligation ("CLO") Risk.** A CLO is a single security backed by a pool of debt. That pool of debt often consists of a bundle of corporate loans that are ranked below

investment grade. CLOs are securities subject to credit, liquidity, and interest rate risks. The investor will receive scheduled debt payments from the underlying loans, assuming most of the risk if the borrowers of those loans default. A CLO usually has multiple “tranches.” Each tranche is a piece of the CLO, and the order of the tranches dictates in what order the investors will be paid when the underlying loan payments are made. The tranches also dictate the associated risk since investors who are paid last have the highest overall risk of loss. Those paid first have less risk and are therefore paid smaller interest payments, whereas those paid last receive higher interest payments to compensate for the risk.

- **Cryptocurrency.** Cryptocurrency is a digital or virtual currency that is used as an alternative payment method or speculative investment. Cryptocurrency is not backed by real assets or tangible securities, are traded between consenting parties with no broker, and most are tracked on decentralized, digital ledgers with blockchain technology. Cryptocurrency is subject to, and has experienced, rapid surges and collapses in values. In addition to the market risk associated with speculative assets, cryptocurrency investment carries a number of other risks. As a result, investment in cryptocurrency is considered to be a more volatile investment. Although MWM does not allow for direct cryptocurrency investment, some models and ETFs MWM may use may have an underlying cryptocurrency investment or component.
- **Cybersecurity Risk.** With the increased use of technologies to conduct business, MWM is susceptible to operational, information security, and related risks. In general, information and cyber-incidents can result from deliberate attacks or unintentional events and arise from external or internal sources. Cyber-attacks include unauthorized access to digital systems (such as through “hacking” or malicious software coding) for purposes of misappropriating assets or sensitive information; corrupting data, equipment, or systems; or causing operational disruption. Cyber-attacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial of service attacks on websites (making network services unavailable to intended users). Cyber-incidents may cause disruptions and affect business operations, potentially resulting in financial losses, impediments to trading, the inability to transact business, destruction to equipment and systems, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs.
- **Duration Risk.** Duration is a way to measure a bond’s price sensitivity to changes in interest rates. The duration of a bond is determined by its maturity date, coupon rate, and call feature. Duration is a method to compare how different bonds will react to interest rate changes. If a bond has a duration of five (5) years, it means that the value of that security will decline by approximately five percent (5%) for every one percent (1%) increase in interest rates.
- **Emerging Markets Risk.** The risks associated with foreign investments are heightened when investing in emerging markets. The governments and economies of emerging market countries may show greater instability than those of more developed countries. Such investments tend to fluctuate in price more widely and to be less liquid than other foreign investments.
- **ETF, Closed-end Fund, and Mutual Fund Risk.** When investing in an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETF’s or mutual fund’s operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. If the ETF, closed-end fund, or mutual fund fails to achieve its investment objective, the account’s investment in the fund may adversely affect its performance. Because the value of ETF shares depends on the demand in the market, your IAR may not be able to liquidate the holdings at the most optimal time, adversely affecting performance. Closed-end funds not publicly offered provide only limited liquidity to investors. Generally, closed-end funds are not required to buy back

their shares from investors upon request. Spot Bitcoin ETFs pose an additional layer of risk due to the potential volatility of Bitcoin and other cryptocurrencies.

- **Equity (Stock) Market Risk.** Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer. And because the value of investment portfolios will fluctuate, there is the risk that you will lose money and your investment may be worth more or less upon liquidation.
- **Fixed Income Risk.** When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. For some fixed-income products, investors receive set, regular payments that face the same inflation risk. Fixed income instruments purchased by a client are subject to the risk that as interest rates rise, the market values of bonds decline. This results in a more pronounced effect on the securities with longer durations. Fixed income securities are also subject to reinvestment risk, which refers to the possibility an investor will be unable to reinvest cash flows (i.e., coupon payments or interest) in a new security at a rate comparable to their current rate of return.
- **International Investing Risk.** International investing, especially in emerging markets, involves special risks, such as currency exchange and price fluctuations and political and economic risks.
- **Interval Fund Risk.** Interval funds are classified as closed-end funds, but they are distinct because the shares do not trade on the secondary market, but instead periodically the fund offers to buy back a percentage of outstanding shares at net asset value. This results in the funds being largely illiquid. There is no guarantee that investors will be able to sell their shares at any given time or in the desired amount. Additionally, repurchase is done on a pro-rata basis; therefore, there is no guarantee you can redeem the number of shares you want during a given redemption.
- **Lack of Diversification Risk.** Concentrated portfolios, including portfolios with a concentration in one asset class, typically result in increased risk and volatility and decreased diversification, which could result in losses.
- **Liquidity Risk.** Liquidity is how easily an asset or security can be bought or sold in the market and converted to cash. Generally, the less liquid an asset is, the greater the risk that if an investor needed to sell the asset quickly, the asset will be sold at a loss. Simple assets tend to be more liquid than complex assets. An asset tends to be more liquid if it represents a standardized product or security and there are many traders interested in making a market in that product or security. Some investments, like Qualified Opportunity Zone Funds, are considered private investments and are illiquid because there is no public market that currently exists for the investment type. Therefore, the inability to quickly sell or liquidate this investment carries a higher risk for a loss in the investment. The same goes for investment properties sold or exchanged in an Internal Revenue Code Section 1031 exchange (“1031 exchange”) in which one property is swapped for a like-kind property in order to defer capital gains taxes. This is a tax strategy which often combines the 1031 swap with a Delaware Statutory Trust in which the property is held for several years, per the United States Internal Revenue Service. Due to this strategy’s required “holding” period, this private investment poses a liquidity risk. **MWM does not offer tax or legal advice. Additionally, MWM does not hold itself out as a tax advisor and does not provide such services. Therefore, MWM recommends consulting with a tax advisor if you have tax-related questions.**
- **Management Risk.** Your investment with a registered investment adviser varies with the success and failure of its investment strategies, research, analysis, and determination of portfolio securities.

If our investment strategies do not produce the expected returns, the value of the investment will decrease.

- **Margins Risk.** A margin transaction occurs when an investor uses borrowed assets by using other securities as collateral to purchase financial instruments. The effect of purchasing a security using margin is to magnify any gains or losses sustained by the purchase of the financial instruments on margin. Margin trading involves interest charges and risks, including the potential to lose more than deposited or the need to deposit additional collateral in a falling market.
- **Non-Investment Grade Bonds.** Commonly known as “junk bonds,” non-investment grade bonds are “below investment grade quality” (rated below Baa3 by Moody’s Investors Service, Inc. or below BBB- by Standard & Poor’s Ratings Group and Fitch Ratings or, if unrated, reasonably determined by the Firm to be of comparable quality). Junk bonds represent bonds issued by companies that are financially struggling and have a higher risk of defaulting or not paying their interest payments or repaying the principal to investors. Investing in non-investment grade bonds can be speculative.
- **Non-Traded Business Development Companies.** Non-traded business development companies (“non-traded BDC(s)”) are a closed-end investment company that invests in small- and medium-sized businesses. Non-traded BDCs are not traded on an exchange. Therefore, they are subject to other types of risk, such as high-net-worth requirements, higher initial investments, higher sales commissions and fee structures, limited liquidity, longer-term investment horizons, and redemption limits and suspensions. BDCs are limited to accredited investors, and they generally invest in companies that are still developing and/or may be in financial distress. As a result, the companies that a BDC invests in are more likely to go out of business or default on their debts. Additionally, BDCs often use leverage or debt to increase the potential for higher returns. However, leverage can also potentially increase losses. Finally, in addition to charging management fees, the fund manager may also charge a performance fee.
- **Options Risk.** Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks. Options, like other securities, carry no guarantees, and investors should be aware that it is possible to lose all of your initial investment, and sometimes more. Since options derive their value from an underlying asset, which may be a stock or securities index, any risk factors that impact the price of the underlying asset will also indirectly impact the price and value of the option. Extreme market volatility near an expiration date can cause price changes resulting in the option expiring worthless. In addition, options can be purchased or sold in covered or uncovered (or naked) strategies. A covered strategy is one in which the seller of a call option holds a currently owns the underlying assets of the options contract. An uncovered, or naked, strategy, is one in which the seller of a call or put option does not hold currently own the underlying securities. Selling a naked option can be an extremely risky strategy and should be used by experienced traders who understand how to manage their notational exposure and risk.
- **Private Investments Risk.** A private investment is a financial asset outside public market assets, meaning they are not listed on an exchange. Investors often access private investments through a private investment fund. A private investment fund is an investment company that doesn’t solicit capital from retail investors or the public. Hedge funds and private equity funds are two of the most common types of private investment funds. Private equity investing often has high investment minimums and they may also have higher liquidity risks since private equity investors are expected to invest their funds with the firm for several years, on average. Investors often utilize private investments to diversify their portfolio and reduce overall risk exposure across specific sectors. But because there is no major public exchange for these investments, a fund manager may find it



difficult to liquidate the investments in a fund in times of economic stress. MWM does not currently recommend investments in private funds.

- **Publicly Traded Business Development Companies.** Business Development Companies (“BDC(s)”) are a type of closed-ended fund that provide retail investors a way to invest in small and medium-sized private companies and, to a lesser extent, other investments, including public companies. BDCs are complex and are associated with unique risks. Publicly traded BDCs can be bought and sold on national securities exchanges. BDCs are not limited to qualified investors. But BDCs generally invest in companies that are developing or financially distressed. As a result, the companies that a BDC invests in are more likely to go out of business or default on their debts. Additionally, BDCs often use leverage or debt to increase the potential for higher returns. However, leverage can also potentially increase losses.
- **Reinvestment Risk.** Reinvestment risk is the risk that future interest and principal payments may be reinvested at lower yields due to declining interest rates.
- **REITs and Real Estate Risk.** Real estate investment trusts (REITs) are popular investment vehicles that pay dividends to investors. The value of an investment in REITs may change in response to a change in the real estate market. REITs may subject an investment to additional risks such as decline in the value of real estate, changes in interest rates may result in lack of available mortgage funds or other capital and financing limits, extended vacancies of properties, increases in property taxes and operating expenses, and changes in zoning laws and regulations. When traded like shares of stock on exchanges, REITs can give exposure to diversified real estate holdings.
- **Securities Lending.** Securities lending is the act of loaning shares of stock, commodities, derivative contracts, or other securities to other investors or firms. For receipt of these securities, the borrower is required to put up collateral—whether cash, other securities, or a letter of credit—for the lender to hold until the agreement is terminated and/or the securities are liquidated. Generally, the lender receives a lending fee based on a designated interest rate multiplied by the market value of the securities on loan. The interest rate paid is based on the relative value of the individual securities in the securities-lending market and are subject to change based on market conditions and borrowing demand. Loaned securities are sometimes considered “hard to borrow” because of short selling, scarcity of available lending supply, or corporate events that affect liquidity in a security. Securities lending also exposes a lender to the risk of borrower or counterparty default.
- **Small- and Medium-Capitalization Companies.** Publicly traded companies are often segmented by their market capitalization, i.e., the total value of their shares in the market. Small-cap investing is often used when an investor is focused on growth opportunities. Though they historically outperform large-cap stocks, small-cap stocks are riskier. Prices of small-cap stocks are often more volatile than prices of large-cap stocks. The same can be said for some medium-cap stocks. Additionally, the risk of bankruptcy or insolvency for smaller companies is higher than for larger companies.
- **Structured Notes Risk.** Structured notes are complex instruments consisting of a bond component and an imbedded derivative component that adjusts the security’s risk-return profile. There are both principal-at-risk and principal-protected notes. Principal-protected notes offer full principal protection, subject to the credit risk of the issuer, even if the market is down at the note’s maturity. Principal-at-risk notes offer no principal protection, and an investor can lose some or all of their

invested principal at maturity. A structured note will result in loss of principal if the reference asset declines by more than the stated buffer or barrier level, either at maturity, or on a scheduled observation date. Structured notes are classified as senior unsecured debt and are therefore subject to the risk of default. They lack liquidity, are not listed on securities exchanges, and do not participate in dividends. Typically, the issuer will maintain a secondary market; but there is no obligation to do so. Therefore, there may be little to no secondary market available. To the extent a secondary market may exist, a sale in the secondary market prior to maturity may result in a significant discount in the sale price of the note resulting in a loss of principal. Structured notes are also subject to credit and call risks. The credit risk involves a situation where, if the issuer were to default on its payment obligations, you may not receive any amount owed under the structured note and you could lose your entire principal investment. Certain notes may be callable automatically or at the option of the issuer. If a note is called, the investor will not receive any interest payments that would have been payable for the remainder of the term of the note. Depending on the nature of the linked asset or index, the market risk of the structured note may include changes in equity or commodity prices, changes in interest rates or foreign exchange rates, or market volatility. After issuance, structured notes may not be re-sold on a daily basis and thus may be difficult to value given their complexity.

### **Voting Client Securities**

MWM does not vote proxies on behalf of clients. Therefore, it is your responsibility to vote all proxies for securities held in your account(s). You will receive proxies directly from the qualified custodian or transfer agent; we will not provide you with the proxies. If you have a question about a particular proxy, feel free to contact the custodian or transfer agent directly.

### **Item 7 Client Information Provided to Portfolio Managers**

MWM is the sole portfolio manager under this wrap fee program. We will interview and work with you to gather all information needed relative to your investment objectives and needs in order to provide management services. You are responsible for promptly contacting us to notify us of any changes to your financial situation that will impact or materially influence the way we manage your accounts.

We may collect the following information to formulate our investment recommendations:

- Income
- Employment and residential information
- Social security number
- Account balances
- Transaction detail history
- Investment objectives, goals, and risk tolerance
- Sources of wealth and/or deposits
- Risk assessment
- Investment time horizon
- Income and liquidity needs

## **Item 8 Client Contact with Portfolio Managers**

Because MWM is the sole portfolio manager under the wrap program, clients generally communicate only with MWM and do not directly contact third party investment managers servicing their accounts.

## **Item 9 Additional Information**

### **Disciplinary Information**

There are no legal or disciplinary events material to a client's or prospective client's evaluation of MWM.

### **Other Financial Industry Activities and Affiliations**

#### **Broker-Dealer or Representative Registration**

Neither MWM nor any of its employees are registered representatives of a broker-dealer.

#### **Futures or Commodity Registration**

Neither MWM nor its employees are registered or have an application pending to register as a futures commission merchant, commodity pool operator, or a commodity trading advisor.

#### **Conflicts of Interest**

Due to the firm's financial planning philosophy, it is common for our financial professionals to recommend that clients utilize insurance products (for example, a fixed index annuity ("FIA") as part of the client's overall financial plan in lieu of separately managed accounts (specifically, in lieu of cash and fixed income asset classes). You should be aware that there are a number of conflicts of interests that are present due to our planning philosophy and recommendations to utilize insurance products in this nature.

As an estimate, our financial professionals that are registered as investment advisor representatives spend approximately half of their time on insurance sales and services and half of their time on investment advisory services. Please refer to Item 4 – Fees and Compensation and in Item 9 – Client Referrals and Other Compensation for more details.

You may therefore work with your MWM financial professional in both their capacity as an investment adviser representative of MWM, as well as in their capacity as an insurance agent through the normal course of business with you. As such, your MWM financial professional, in their dual capacity as an IAR and insurance agent, may advise you to purchase insurance products (life insurance, annuities, long term care, indexed universal life policies, and other insurance products), and then assist you in implementing the recommendations by selling you those same products.

In exchange for selling you those products, the financial professional will typically be paid a commission. This recommendation that a client purchase an insurance product through them as an insurance agent presents a conflict of interest, as the receipt of commissions is an incentive to recommend products that could potentially be based on commissions rather than your personal needs and objectives.

Furthermore, commissions may vary by product, and each individual product may have different commission rates, encouraging the financial professional to recommend products that may pay higher commissions over the products that make the most sense for you.



In addition, insurance products may also have different payment schedules depending on the nature of the product, and the timing of the payments is likely to differ from that of the advisory options offered by MWM. This timing difference has the potential to create a conflict of interest since some financial professionals may have the incentive to recommend a product that pays commissions now, over an advisory product that pays commissions over a relatively longer period. As an example, all other variables held equal, a 5% commission paid by an insurance company upon sale of a \$100,000 annuity product, may be more attractive to a financial professional than a one percent (1%) advisory fee charged on a \$100,000 account paid over a period of five (5) years, despite the overall pre-tax compensation paid to the financial professional being equal.

There are other conflicts present as well. As we utilize the services of Advisors Excel, a third-party insurance marketing organization ("IMO") to select the appropriate product. The purpose of the IMO is to assist us in finding the insurance company product that best fits the client's situation, although the IMO also offers special incentive compensation to our investment adviser representatives when they act in their separate capacities as insurance agents if they meet certain overall sales goals by placing annuities and/or other insurance products through the IMO. These awards are typically awarded to the Firm based upon the aggregate sales of insurance products. This creates a conflict of interest for MWM financial professionals to utilize the products recommended by the IMO.

The IMO is an affiliate of Advisors Excel. Advisors Excel provides affiliate members such as our insurance firm, MWM, with marketing assistance and business development tools to acquire new clients, technology with the goal of improving the client experience and our firm's efficiency, back office and operations support to assist in the processing of our insurance (through Advisors Excel) and investment advisory services (through AE Wealth Management) for clients, and business succession planning for our firm. Although some of these services may directly benefit a client, other services obtained by us from Advisors Excel such as marketing assistance and business development may not benefit an existing client. There is a conflict of interest when we use the sub-adviser and financial planning services of AE Wealth Management because we are influenced to use AE Wealth Management based upon our relationship and services provided and support of Advisors Excel.

We have taken a number of steps to manage this conflict of interest. As a fiduciary, we expect and require that each investment adviser representative only recommend insurance and annuities when in the best interest of the client. The sale of commission-based products is supervised by the firm's Managing Members, and the firm makes periodic reviews of its insurance recommendations to ensure that our financial professionals act in accordance with our fiduciary duty. If you have any questions or concerns about annuity recommendations made during the financial planning process, we encourage you to immediately bring it to the attention of your investment professional or the CCO.

Finally, you should be aware that there are other insurance products that are offered by other insurance agents other than those recommended by our financial professionals. You are under no obligation to implement any insurance or annuity transaction through MWM.

As stated in Item 4, MWM utilizes a Sub-Advisor to assist with back-office / operations functions. This relationship includes certain economic benefits. MWM obtains investment research for its own model portfolios, technology, account billing, trading, and client service support through its Sub-Advisor contracts. Based upon the total client assets under management that MWM brings to a Sub-Advisor, MWM is provided with certain additional economic benefit for doing so. With specific regard to AEWM, MWM may receive various services from other investment managers retained or otherwise made available by the Sub-Advisor and the cost of such services may be paid by the Sub-Advisor, thus creating an incentive for MWM to use the Sub-Advisor.

MWM also offers an online educational seminar series on financial planning topics for \$59.

MWM also offers an online educational seminar on Social Security options for \$29.

## **Code of Ethics, Participation in Client Transactions, and Personal Trading**

### **Code of Ethics Summary**

MWM has established a Code of Ethics that applies to all of its supervised persons. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and always to act solely in the best interest of each of our clients. This fiduciary duty is considered the core underlying principle for our Code of Ethics, which also covers our Personal Securities Transactions Policies and Procedures.

MWM is responsible for ensuring that the interests of all clients are placed ahead of its own investment interests. MWM will disclose material facts along with potential and actual conflicts of interest to clients. MWM seeks to conduct business in an honest, ethical, and fair manner and will take reasonable steps to avoid circumstances that might negatively affect our duty of loyalty to clients.

In accordance with these duties and applicable rules and regulations, MWM has adopted a code of ethics to:

- Set forth standards of conduct expected of all supervised persons (including compliance with federal securities laws);
- Safeguard material non-public information about client transactions; and
- Require "access persons" to report their personal securities transactions. In addition, the activities of an investment adviser and its personnel must comply with the broad antifraud provisions of Section 206 of the Advisers Act.

Clients may receive a complete copy of the Code of Ethics upon request, including by contacting us at the telephone number on the cover page of this Brochure.

### **Affiliate and Employee Personal Securities Transactions Disclosure**

At times, MWM or associated persons of the firm will buy or sell for their personal accounts, investment products identical to those recommended to clients. In some instances, such transactions by MWM or associated persons of the firm will be executed at the same time a transaction in the identical investment product recommended to clients is executed. This creates a conflict of interest. It is the express policy of MWM that all people associated in any manner with our firm must place clients' interests ahead of their own when implementing personal investments. MWM and its associated persons will not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, from information obtained as a result of employment or association with our firm unless the information is also available to the investing public upon reasonable inquiry.

To mitigate conflicts of interest, we have developed written supervisory procedures that include personal investment and trading policies for our representatives, employees, and their immediate family members (collectively, "Associated Persons").

Any Associated Person not observing our policies is subject to sanctions up to and including termination.

### **Review of Accounts**

Your financial professional will monitor your accounts on an ongoing basis and will conduct account reviews at least annually or upon client request to ensure the advisory services provided to you are consistent with

your investment needs and objectives. Additional reviews may be conducted based on various circumstances, including, but not limited to:

- contributions and withdrawals,
- year-end tax planning,
- market moving events,
- security specific events, and
- changes in your risk-return objectives.

Written reports will be provided upon your request. These may contain relevant account or market-related information such as an inventory of account holdings and account performance. You will receive trade confirmations and monthly or quarterly statements from your account custodian(s).

### **Client Referrals and Other Compensation**

MWM does not currently compensate any person for client referrals.

Refer to **Item 4 Services, Fees, and Compensation** for disclosures on research and other benefits MWM may receive resulting from MWM's relationship with your account custodian.

As disclosed above in this **Item 9** under the heading **Other Financial Industry Activities and Affiliations, Conflicts of Interest**, persons providing investment advice on behalf of MWM are licensed insurance agents.

### **Financial Information**

This disclosure is not applicable to our brochure because we do not require or solicit prepayment of more than \$1,200 in fees per client six months or more in advance. Therefore, we are not required to include a balance sheet for the most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, MWM has not been the subject of a bankruptcy petition at any time.