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# MONEY CONCEPTS ADVISORY SERVICE

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## **BROCHURE**

FORM ADV, PART 2A

March 16, 2012

This Brochure provides information about the qualifications and business practices of Money Concepts Advisory Service. If you have any questions about the contents of this Brochure, please contact us by email at [compliance@moneyconcepts.com](mailto:compliance@moneyconcepts.com), or by telephone at (561) 472-2000, or by mail at the address above. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Money Concepts Advisory Service is an investment adviser registered with the United States Securities and Exchange Commission. Registration with the SEC does not imply that Money Concepts Advisory Service or any person associated with Money Concepts Advisory Service has achieved a certain level of skill or training.

Additional information about Money Concepts Advisory Service is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov), by searching our firm name or our IARD/CRD number: 12963

## ITEM 2: MATERIAL CHANGES

On July 28, 2010, the SEC published “Amendments to Form ADV,” which required investment advisers to provide additional information to clients about the advisory services provided. The new brochure, which we initially filed on 3/31/2011, is a document that we prepared in response to the SEC’s new rules.

This is Money Concepts Advisory Service’s Brochure prepared pursuant SEC Rule 204-3, as amended effective October 12, 2010. As such, this Brochure is organized differently and includes information not contained in previous versions of our Form ADV, Part II and Schedule F. Our last *annual amendment* was on March 16, 2012. Amendments made in this version do not contain material changes.

In the future, annual updates of this Brochure will include a summary of any changes in our policies, practices, or conflicts of interest since the date of the prior year’s Brochure that may be important to you.

Consistent with the new rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

You may obtain a copy of our current Brochure any time by contacting our Firm’s Chief Compliance Officer at the telephone number listed on the cover page of this Brochure.

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## **Item 4: ADVISORY BUSINESS**

### **A. Firm Background & Principal Owners**

Money Concepts Advisory Service (referred to as “MCAS,” “Firm,” “we,” or “us”) is the name we use when providing investment advisory services. MCAS is an unincorporated division of Money Concepts Capital Corp. (“MCCC”), a Florida corporation headquartered in Palm Beach Gardens, Florida. We have been in business since 1991. MCCC is registered with the SEC as an investment adviser and is also registered with the SEC and all 50 states and the District of Columbia as a broker-dealer. We are a member of the Financial Industry Regulatory Authority (“FINRA”). The following entities and individual own, directly or indirectly, 25% or more of MCAS:

#### Direct Owners

Money Concepts International, Inc.

#### Indirect Owners

World Investment Network, Inc.

We use the name “Money Concepts Advisory Service” when referring to the activities of our investment advisory business, and use the name “Money Concepts Capital Corp” when referring to the activities of our broker-dealer business. All of the investment adviser representatives of MCAS are registered as broker-dealer registered representatives of MCCC; and a portion of the broker-dealer registered representatives of MCCC are registered as investment adviser representatives of MCAS. In this Brochure, the term “Representative” refers to both investment adviser representatives and broker-dealer representatives, as the context requires.

MCAS offers investment advisory services to meet a variety of client needs and objectives:

#### Managed Account Programs:

- Guided Portfolio Solutions Program (“GPS”)
- World Class Asset Management Program
- World Class Advisor Assisted Program
- World Class Wealth Management Program
- Managed Allocation Program
- Map Advisor Assisted Program

#### Retirement & Qualified Plan Consulting & Advisory Programs

- Enterprise Retirement Plan Services
- World Class Pension Program

#### Financial Planning Program

- Enterprise 360

#### Consulting Services Program

- World Class Consulting Services

In this Brochure, we describe our investment advisory services, investment strategies, conflicts of interest, program costs, and other important information. If you have any questions about MCAS, MCCC, or our services, please contact us at the phone number, email address, or street address shown on the front of this Brochure.

## **B. Managed Account Programs**

### **1. Guided Portfolio Solutions Program – Overview**

The Guided Portfolio Solutions is a managed account service that enables participants to choose from various Money Managers. Brokerage custody is through Pershing LLC an affiliate of The Bank of New York Mellon. The Sponsor for all programs except LIS/LAAP is Money Concepts. Lockwood Investment Strategies (LIS) program and Lockwood Asset Allocation Portfolios program (LAAP) are sponsored by Lockwood Advisors, Inc.

MCAS will direct the investment and reinvestment of the assets in the Account, in accordance with the information provided directly by the Participant or through the IAR. MCAS will execute a copy of this Agreement acknowledging receipt and agreeing to manage the Account investments, which may be on a non-discretionary or discretionary basis, depending on the program selected and subject to the account meeting MCAS's minimum account size.

Clients are not required or expected to purchase a variable product to participate in the Program; however, certain investments may only be available as subaccounts of a variable product. Additionally, the Program's portfolios are limited to certain mutual fund families and variable products, which will likely change from time to time. The Representative will explain the fund families and variable products that are currently eligible for the MCAS Advisory Account Program, and each of the portfolios.

Although many clients in the Program will already own mutual funds or variable products that provide "exchange" privileges within the fund family or variable product subaccounts without charge, the portfolio manager will have the authority, when consistent with seeking the portfolio's objectives, to exchange the client's investments for shares to which the client's exchange privileges may not apply, or to redeem the client's investment in a fund and reinvest in a different fund family.

If the client wishes to participate in a program through subaccounts of a variable product but does not already own a variable annuity or variable life insurance contract, the client will be required to purchase a variable annuity or variable life contract and will incur sales charges and other transaction expenses.

Please refer to Item 5.E for further information about compensation the Representative will receive if you purchase securities or insurance products.

As full compensation for services under this agreement, the Participant agrees to pay MCAS a quarterly fee of .5% (2% annually) for all programs except Money Concepts Separately Managed Accounts (SMA) which carries a quarterly fee of .5625% (2.25% annually). This schedule is subject to change with thirty (30) days written notice to Participant. This Advisory fee may, at the discretion of the IAR or Advisor, be reduced.

The fee is payable in advance on the effective date of the agreement prorated to the next quarter end. Thereafter, fees shall be computed and paid not less frequently than quarterly based on the value of the account on the last business day of the previous quarter end.

Contributions and withdrawals are netted against each other to calculate the flow bill/refund amount. Flow Billing is processed in arrears, at the end of each quarter (debits or credits occur on or around the 2nd business day of the new quarter), and transactions are separate from the regular quarterly billing.

Managed Account Services offered through the Guided Portfolio Solutions agreement are as follows:

- World Class Total Access
- World Class Asset Allocation
- Efficient Allocation Strategy
- Premium Asset Management Program
- World Class Target Allocation
- Investor's Advantage Portfolios
- Liberty One Portfolios
- Lockwood/MCAS Separately Managed Accounts
- Lockwood Advisor Flex Portfolios
- Lockwood Investment Strategies
- Lockwood Asset Allocation Portfolios

Through **World Class Total Access**, MCAS will direct the investment and reinvestment of the assets in the account, in accordance with the information provided directly by the participant or through the IAR. Participant may allocate investment into general securities, load and no load funds at net asset value and no transaction fee\*, variable insurance contracts, and other investment vehicles. This program is offered on a non-discretionary basis.

In addition to quarterly advisory fees, participants of this program are subject to transaction charges in accordance with the transaction fee schedule. Minimum account size is \$10,000 - Minimum quarterly fee is \$62.50.

Clients participating in the World Class Total Access program prior to the GPS platform shall maintain a pre-April 2009 fee schedule which differs from the annual fee listed above.

\*For redemptions to be eligible for no transaction fee, the mutual fund must be part of the FundVest platform and the shares must be held for a minimum of six months. If you roll or exchange prior to six months there is a \$50.00 redemption fee.

Through **World Class Asset Allocation**, MCAS will allocate Participant's investment into selected load and no load funds at net asset value. MCAS will continually review and make adjustments to participating accounts. Chesapeake Investment Group (CIG) is a money manager providing assistance in developing World Class Asset Allocation models. MCAS manages the participant's assets on a discretionary basis. Minimum account size is \$25,000 - Minimum quarterly fee is \$62.50.

Clients participating in the World Class Asset Allocation program prior to the GPS platform shall maintain a pre-April 2009 fee schedule which differs from the annual fee listed above.

Through **Efficient Allocation Strategy**, MCAS will allocate Participant's investment into selected securities that include, but not limited to, stocks, exchange traded funds and Money Market funds. MCAS will continually review and make adjustments to participating accounts. Chesapeake Investment Group (CIG) is a money manager providing assistance in developing Efficient Allocation Strategy models. MCAS manages participant's assets on a discretionary basis. Minimum account size is \$50,000 - Minimum quarterly fee is \$62.50.

Clients participating in the Efficient Allocation Strategy program prior to the GPS platform shall maintain a pre-April 2009 fee schedule which differs from the annual fee listed above.

**Premium Asset Management Program** - In this service, other registered investment advisors (the "Primary Advisor") hire CFG (the "Subadvisor") to serve as a sub-advisor for their client accounts. As the sub-advisor, CFG provides continuous advice to a client through the Primary Advisor regarding the investment of the client's funds based on the individual needs of the client. During a data-gathering process performed by the Primary Advisor, the Primary Advisor and the client determine the client's objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, they also review and discuss a client's prior investment history, family composition, portfolio constraints and background. Through these personal discussions where goals and objectives are established based on the client's particular circumstances, the Primary Advisor and the client develop an agreed upon personal investment policy statement for the portfolio. The Primary Advisor then provides that investment policy statement to CFG, who then manages the related portfolio based on that policy.

We manage these advisory accounts on a discretionary basis. Account supervision is guided by the client's stated objectives which may include, but not be limited to, capital appreciation, growth, income, or growth and income. On a best efforts basis and where able and appropriate, CFG will manage portfolios on a tax-efficient basis.

Clients may impose reasonable restrictions that are mutually agreed upon in writing by the client, Primary Advisor, and CFG that relate to investing in certain securities, types of securities, or industry sectors.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer, trust company or insurance company and will generally include advice regarding the following securities:

- Exchange-listed securities
- Securities traded over-the-counter
- Foreign issuers
- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Mutual fund shares
- Unit investment trusts
- United States governmental securities
- Options contracts on securities
- Interests in partnerships investing in real estate

Because some types of investments involve certain additional degrees of risk, CFG will only implement/recommend them when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

It is the duty of the Primary Advisor to provide or arrange for delivery all required client communication and account documents directly to the client. These may include, but are not limited to, account statements, trade confirmations, performance reports, tax reporting documents, and any other documents or communication that may be required.

In addition to quarterly advisory fees, participants of this program are subject to transaction charges in accordance with the charges as disclosed on the brokerage new account form. Minimum account size is \$1,000,000 - Minimum quarterly fee is \$62.50.



Through **World Class Target Allocation**, MCAS will allocate Participant's investments into selected load and no-load funds at net asset value or Exchange Traded Funds (ETFs). Mutual funds will be screened based on portfolio chosen by participant: Socially Responsible or Values-Based. MCAS will continually review and make adjustments to participating accounts.

MCAS manages participant's assets on a discretionary basis. Minimum Mutual Fund account size is \$15,000 / Minimum ETF account size is \$50,000. Minimum quarterly fee is \$62.50.

Clients participating in the World Class Target Allocation program prior to the GPS platform shall maintain a pre-April 2009 fee schedule which differs from the annual fee listed above.

Through **Investors' Advantage Portfolios**, MCAS will allocate Participant's investment into selected securities that include, but are not limited to, stocks, exchange traded funds, closed-end mutual funds and money market funds. Minimum account size is \$50,000 - Minimum quarterly fee is \$62.50.

Clients participating in the Investors' Advantage Portfolios program prior to the GPS platform shall maintain a pre-April 2009 fee schedule which differs from the annual fee listed above.

Through the **Liberty One Portfolios**, MCAS and Sub Advisor will allocate Client's investment into selected securities that include, but are not limited to select No-Load Mutual Funds, Load Mutual Funds at NAV, Stocks, Exchange Traded Funds, Money Market funds and Closed-End Funds. MCAS and Sub Advisor will continually periodically review and make adjustments to participating accounts.

In addition to the quarterly fee, clients participating in the Liberty One Portfolios program will be subject to a one-time 2 1/2% financial planning fee, which may be waived in part or in full at the discretion of the Investment Advisor Representative or Money Concepts Advisory Service.

Lockwood Advisors, Inc. ("Lockwood") – SEC Registered Investment Advisor acting as Sponsor to the MANAGED ACCOUNT ADVISOR® ("MAA") program and providing access to individual account managers and investment advisory and discretionary services to financial advisors, such as financial planners, certified public accountants, broker-dealers, registered investment advisors and other financial advisors, which in turn provide investment advice and consulting to their high net worth clients and institutional clients. Client level advice is generally performed by an IAR, as defined above. Lockwood Managed Account Advisor is a managed account platform sponsored by Lockwood, whereby Money Concepts can provide its clients with access to Lockwood's Managers and other advisory services.

- **Separately Managed Accounts ("SMA")** is a product sponsored by MCAS. The program provides clients with access to a variety of managers. The managers selected by clients are granted investment discretion by the client and exercise this authority in a day-to-day portfolio Management of the client's account. Minimum account size is determined by the manager selected.
- **Lockwood AdvisorFlex Portfolios ("AFP")** is a managed account product in which Standard & Poor's Investment Advisory Services LLC ("SPIAS") sub- advises to Lockwood Advisors, Inc. The model portfolios, based on Standard & Poor's Model Allocation Portfolios, are diversified at the asset class level and among different security types which allow for creation of a portfolio, using the suggested primary mutual funds and exchange-traded funds (ETF's) or substitute alternate selections. Minimum account size is \$50,000.
- **Lockwood Investment Strategies ("LIS")** is a discretionary, multi- strategy, single-account, managed account product consisting of five core models and variations thereto which span the risk / return spectrum managed by Lockwood Advisors, Inc., Inc. Minimum account size is

\$250,000. Each model may include equities, mutual funds and exchange-traded funds and other types of securities, as determined by Lockwood, with Lockwood functioning as a money manager and exercising discretion over the accounts established under this program.

- **Lockwood Asset Allocation Portfolios ("LAAP")** is a discretionary multi-discipline managed account product housed in a single portfolio. Lockwood serves as the Portfolio Manager, determines asset allocation strategy and selects investment vehicles for each investment style component of the portfolios based upon proprietary modeling strategies, macroeconomic outlook and investment research discipline. Minimum Account Size is \$50,000.

The managed account services that may be offered by Lockwood include the following:

- \* Sponsoring a managed account or wrap free program ("Sponsor")
- \* Reviewing the Client's investment objectives and goals as outlined by the Client and their Consultant.
- \* Recommending asset allocation strategies to meet the financial goals of the Client
- \* Preparing written investment strategies and plans
- \* Recommending specific investment style allocations
- \* Searching for investment management vehicles appropriate for the Client's portfolio
- \* Evaluating and researching investment management firms and other investment vehicles
- \* Identifying specific money management firms appropriate for the Client's portfolio
- \* Hiring money management firm(s) on behalf of the Client
- \* Reporting and reviewing the performance of money management firms and other investment vehicles
- \* Reporting progress toward the Client's investment goals
- \* Periodic rebalancing and investment plan fine-tuning
- \* Providing clearing and custody services through Pershing LLC ("Pershing"), member New York Stock Exchange and SIPC
- \* Providing account statements of all activity executed through Pershing
- \* Acting as investment manager for certain discretionary proprietary products as described herein
- \* Facilitate client billing and payment to various parties

## 2. World Class Asset Management Program

MCAS will allocate Participant's investment into various mutual funds from a variety of load and no load fund families at net asset value. MCAS will continue to review and make adjustments to participant's account. Chesapeake Investment Group (CIG) is a money manager providing assistance in developing World Class Asset Management models. Fidelity Brokerage Services LLC is the custodian on all World Class Asset Management accounts. Clients will be subject to a one-time 2 1/2% financial planning fee, which may be waived in part or in full at the discretion of Money Concepts Advisory Service. In addition, the participant agrees to pay Money Concepts Advisory Service an advisory fee per the following schedule. Our Compensation fee schedule is as follows:

<b>WORLD CLASS ASSET MANAGEMENT PROGRAM</b>		<b>QUARTERLY FEE</b>
\$25,000**	to \$499,999	.5000%
\$500,000	to \$999,999	.3750%

\$1,000,000 to \$2,999,999	.3125%
\$3,000,000 to \$4,999,999	.2875%
\$5,000,000 to \$9,999,999	.2500%
\$10,000,000 & over	.2000%
**Minimum Account Size	

The financial planning fee is payable upon completion of financial plan. The quarterly fee is paid in advance and it is prorated to the next quarter.

### 3. World Class Advisor Assisted Program

MCAS will offer a variety of load and no load mutual funds at net asset value. We will provide a statistical analysis to help clients in their decision-making. Additionally, Fidelity Brokerage Services LLC will provide monthly statements and tax information. Fidelity Brokerage Services LLC will be the custodian on all World Class Advisor Assisted accounts. Clients will be subject to a one-time 2 1/2 % financial planning fee, which may be waived in part or in full at the discretion of MCAS.

In addition, the participant agrees to pay MCAS an advisory fee per the following schedule. Our Compensation fee schedule is as follows:

<b>WORLD CLASS ADVISOR ASSISTED PROGRAM</b>	<b>QUARTERLY FEE</b>
\$10,000** to \$999,999	.3250%
\$1,000,000 to \$2,999,999	.2500%
\$3,000,000 to \$4,999,999	.2250%
\$5,000,000 to \$9,999,999	.1875%
\$10,000,000 & over	.1500%
**Minimum Account Size	

The financial planning fee is payable upon completion of the financial plan. The quarterly fee is paid in advance and it is prorated to the next quarter.

### 4. Managed Allocation Program

MCAS's allocation of Participant's investments into sub-accounts within various annuities and/or variable universal life contracts, and the making of adjustments therein. Chesapeake Investment Group (CIG) is a money manager providing assistance in developing Managed Allocation Program models.

We receive compensation quarterly as a percentage of our clients' assets from our Investment Advisory Service. The fee is payable in advance. Minimum account size is \$10,000. Our Compensation fee schedule is as follows:

<b>MANAGED ALLOCATION PROGRAM</b>	<b>QUARTERLY FEE</b>
\$10,000** to \$49,999	.4500%

\$50,000	to	\$99,999	.4000%
\$100,000	to	\$499,999	.3750%
\$500,000	to	\$999,999	.3125%
\$1,000,000	&	over	.2500%
**Minimum Account Size			

In addition to Advisory fee, any custodial fees may apply. Investments used in this program may generate commissions or other compensation to MCC and its representatives in their capacity as the client's broker-dealer.

#### 5. Map Advisor Assisted Program

MCAS will enable Participant to allocate investments into various sub-accounts within selected annuities. The MAP Advisor Assisted Program Agreement is the concurrence between Participant and MCAS to best manage Participant's investment, as more fully set out hereinafter. Minimum account size is \$10,000. Compensation fee schedule is

<b>MAP ADVISOR ASSISTED PROGRAM</b>			<b>QUARTERLY FEE</b>
\$10,000**	to	\$999,999	.3250%
\$1,000,000	to	\$2,999,999	.2500%
\$3,000,000	to	\$4,999,999	.2250%
\$5,000,000	to	\$9,999,999	.1875%
\$10,000,000	&	over	.1500%
**Minimum Account Size			

In addition to Advisory fee, any custodial fees may apply. Investments used in this program may generate commissions or other compensation to MCC and its representatives in their capacity as the client's broker-dealer.

#### 6. World Class Wealth Management Program

This program may include asset allocation services through Fidelity Brokerage Services LLC as custodian, whereby MCAS will allocate participant's investment or enable Participant to allocate investment into selected load and no load funds at net asset value, general securities and /or through MCC, MCAS will allocate Participant's investment into sub-accounts within various annuities and/or variable universal life contracts. Variable and Universal Life contracts are held directly with the insurance company.

The fee will be payable quarterly in advance. The first payment is due upon execution of this Agreement and will be assessed pro rata in the event this Agreement is executed at any time other than the first day of the calendar quarter. Subsequent payments are due and will be assessed on the first day of each calendar quarter as valued by an independent pricing service, where available, or otherwise in good faith. This agreement has a minimum management fee of \$125.00 per quarter. Clients will be subject to a one-time 2 1/2% financial planning fee, which may be waived in part or in full at the discretion of MCAS.

As full compensation for services under this Agreement, the Participant agrees to pay MCAS an Advisory fee per the following schedule. This schedule is subject to change with thirty (30) days written notice to Participant.

<b>WORLD CLASS WEALTH MANAGEMENT PROGRAM</b>	<b>QUARTERLY FEE</b>
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\$25,000** to \$1,999,999	.5000%
\$2,000,000 to \$4,999,999	.3750%
\$5,000,000 & over	.2500%
**Minimum Account Size	

\*Minimum Account Size - Minimum Quarterly Fee is \$125.00

## 7. General Information

The fee charges are calculated as described above and are not charged on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client (SEC Rule 205(a)(1)).

### TERMINATIONS

A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days' written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement.

## **C. RETIREMENT & QUALIFIED PLAN CONSULTING & ADVISORY PROGRAMS**

### 1. World Class Pension Program

MCAS will advise qualified pension and profit-sharing plans regarding select no-load and load-waived mutual funds available at NAV, and will educate, and provide assistance, where necessary, to plan participants regarding making exchanges between the mutual funds available through their plans. For the term of the Pension Program, MCAS will make on-going recommendations for adjustments to the funds available through the plan.

Custodian is selected at Employer's discretion. At Employer's discretion a Plan Administrator will be selected to provide timely and efficient valuation and processing of Plan Participant's investment activity; conversion of plan activity to investment trade orders; benefit determinations; IRS/DOL compliance testing and reporting. As full compensation for services under this Agreement, the Employer agrees to pay MCAS an advisory fee per the following schedule:

QUALIFIED PLAN ACCOUNT ASSETS	QUARTERLY FEE PAID BY EMPLOYER
\$10,000** to \$999,999	.3250%
\$1,000,000 to \$2,999,999	.2500%
\$3,000,000 to \$4,999,999	.2250%
\$5,000,000 to \$9,999,999	.1875%
\$10,000,000 & over	.1500%
**Minimum Plan Size	

Plan participants may elect to participate in Money Concepts Advisory Services' World Class Pension Program, which is non-discretionary managed asset allocation program whereby we will

recommend allocations of their qualified plan accounts among the funds available through the plan service, subject to a minimum account size of \$10,000. The participants will be responsible for effecting the transactions to buy, sell, or exchange fund shares to implement our recommendations.

## 2. Enterprise Retirement Planning Services

We provide the *Enterprise Retirement Planning Services* for individuals participating (or considering participating) in a tax-qualified retirement plan. At the outset of the process, we ask clients to provide us with information about the client's current financial status, future goals, and attitudes towards risk. The following services are available to through the *Enterprise Retirement Planning Services*, the client's discretion:

- General financial consultations
- Consulting services regarding the administration of retirement plans
- Ongoing consultations on investments or investment allocations

This engagement is in effect for a period of one year with an automatic renewal, unless terminated in writing by either party. Either party may terminate this engagement at any time for any reason. In which, case termination of this agreement shall take effect on the next business day following the other party's receipt of the written notice.

Fees for *Enterprise Retirement Planning Services* will be negotiated on a client-by-client basis, subject to a minimum fee to be paid in advance, but which is refundable within 30 days from the date of the *Enterprise Retirement Planning Services* Agreement, prorated for services actually provided through the date of termination.

## **D. FINANCIAL PLANNING & CONSULTING SERVICES**

### 1. Enterprise 360 Financial Planning Services

We provide the *Enterprise 360* financial planning services designed to assist clients in developing solutions for a wide variety of financial issues and priorities. At the outset of the process, we ask clients to provide us with information about the client's current financial status, future goals, and attitudes towards risk. The following services are available to you through the *Enterprise 360* services at the client's discretion:

- Discovery Process
- Strategic Wealth Planning Session(s)
- Development Of A Personalized Wealth Program
- Your Own Wealth Book With Updates
- Periodic Personal Consultations
- Ongoing Telephone and E-mail Consultations

The engagement for *Enterprise 360* services is in effect for a period of one year with an automatic renewal, unless terminated in writing by either party. Either party may terminate the engagement at any time for any reason. In which case, termination of the *Enterprise 360* agreement shall take effect on the next business day following the other party's receipt of the written notice.

Annual fees for *Enterprise 360* services will be negotiated on a client-by-client basis, subject to a minimum fee of \$500 annually. This fee will be paid in advance and is refundable within 30 days

from the date of the *Enterprise 360* Agreement, prorated for services actually provided through the date of termination.

*Caution Regarding Projections.* If in the course of providing *Enterprise 360* services we develop projections for you, whether of estimated future income, expenses, inflation, tax liabilities, or other matters, we will rely on the information you provide and on certain assumptions about key economic, financial, and tax matters. While we believe the assumptions will be reasonable at the time made, there is no assurance that these assumptions will prove correct; our projections may not reflect your actual experience.

## 2. World Class Consulting Services

Selected Representatives are authorized to provide Consulting Services regarding retirement, estate, insurance, investment research, and administrative matters for a negotiated of up to \$450 per hour. Fees for professional services will be billed based on the time expended at the agreed hourly rate for the service(s) rendered. Either party may terminate this relationship at any time for any reason by written notice. In which case, termination of the agreement shall take effect on the next business day following receipt of written notice, and fees will be payable for services performed through the date of termination.

### **E. NEGOTIABILITY OF PROGRAM FEES, ACCOUNT MINIMUMS & OTHER TERMS**

For all services, we have the discretion to negotiate our fees, minimum account size, minimum annual fees, and other terms of each client's relationship with us, and to negotiate alternative fees, minimums, or other terms on a client-by-client basis.

When considering and negotiating these matters, we usually consider, among other factors, the dollar amount of assets to be placed under management by the client and related accounts, anticipated future revenues and anticipated future additional assets or accounts from the client or related persons, and other existing or anticipated relationships.

We may elect, in our discretion, to aggregate related client accounts for the purpose of achieving the minimum account size requirements and determining annualized fees. Waivers, discounts or more favorable terms not generally available to other clients may be offered to family members and friends of our employees and affiliates. The specific terms of each client's advisory relationship will be agreed upon in writing by MCAS and the client.

### **F. SECURITIES FOR WHICH WE PROVIDE ADVICE**

MCAS and its Representatives offer advice regarding a wide variety of investment products, including:

- exchange-listed or over-the-counter debt or equity securities
- warrants, commercial paper,
- money market funds, open-end investment companies (mutual funds), exchange-traded fund (ETFs); closed-end funds, and unit investment trusts
- variable life insurance, variable annuities, and their investment subaccounts
- certificates of deposit; municipal securities
- securities issued by the US Treasury, agencies, or government sponsored enterprises
- options contracts securities, interests in partnerships investing in real estate, oil and gas interests, and equipment leasing

The securities for which we offer advice are more extensive than the investments we generally recommend to our clients. *Please refer to the descriptions in this Item 4 and in Item 8 regarding the types of investments and strategies we recommend.*

#### **G. TAILORED ADVISORY SERVICES & CLIENT-IMPOSED RESTRICTIONS**

We tailor our advice to the specific needs and objectives of the client. The Representative will help the client to understand and complete an account profile or questionnaire so that it accurately reflects the account's financial situation, investment objectives, tolerance for risk, and investment time horizon, among other considerations, and will also answer client questions about the programs and our services. Based on the client's investment profile, the Representative will recommend one of our investment management programs, or financial planning or consulting services suited to the needs of the client. Alternatively, for clients not interested in our advisory programs, the Representative (acting in his or her capacity as a registered representative of our broker-dealer and as a licensed insurance agent) will recommend the client purchase securities or insurance products.

For clients seeking investment management services, the Representative will assist the client in selecting a suitable program, asset allocation or model portfolio, and where applicable, separate account manager. We permit clients to impose reasonable restrictions on the types of securities we recommend for their account, and permit clients to change the restrictions by written instruction to us. However, clients should be aware that the terms of any agreements with a third-party investment manager or sub adviser may restrict the client's ability to impose restrictions on account investments.

Once the client has approved the specific investment management program, asset allocation or model portfolio, and where applicable, third-party portfolio manager, the account will be managed to reflect the allocation or model, and achieve the objectives of the program and portfolio which the client has selected, subject to reasonable restrictions imposed by the client. Due to client restrictions and other differences regarding each account, performance of a client's account may be different from the performance of other accounts in the same program or portfolio.

#### **H. CHANGES IN THE CLIENT'S CIRCUMSTANCES**

Clients are advised that changes in the client's or an account's financial situation, investment objectives, tolerance for risk, or investment time horizon may cause the program or strategy selected by the client to be no longer suitable. In the event of any such change, the client should contact the Representative or MCAS promptly in order to identify another program or strategy that meets the client's needs.

#### **I. INFORMATION ABOUT WRAP FEE PROGRAMS**

Item 4 requires disclosure of certain information about wrap fee programs for which we provide portfolio management services.

MCAS does not provide portfolio management services for any wrap fee programs, and has no disclosures for this item.

#### **J. MANAGED ASSETS**

As of December 31, 2012, we managed client assets of \$744,325,705 on a discretionary basis. We did not manage any assets on a non-discretionary basis.



## **Item 5: FEES & COMPENSATION**

### **A. PROGRAM FEES**

Program Fees are payable in advance. *Please refer to Item 4 for information regarding the Program Fees.*

### **B. DEDUCTION OF FEES BY THE CUSTODIAN**

For each of our managed account programs, the client will authorize and direct the custodian to deduct the Program Fee directly from the account upon receipt of instructions from MCAS (or on our behalf). Generally, clients will authorize the custodian to deduct the Program Fees from the account, however, upon request; we may agree to bill the client directly for Program Fees. The amount of the Program Fee will be reflected on a statement provided to the client at least quarterly by the custodian.

### **C. ADDITIONAL FEES & EXPENSES**

The Program Fees, Financial Planning Fees, and Consulting Fees are separate from the additional mutual fund, ETF, Cash Management, other fees and expenses described in this section.

- Broker-dealer and Investment Expenses: Clients who purchase or sell securities will incur broker-dealer and may incur other transaction costs, which may include the following:
  - commissions, sales charges, or other transaction costs charged by broker-dealers who execute the purchase or sale of securities on an agency basis;
  - mark-ups, mark-downs, or other dealer or market maker spreads for securities bought or sold on a principal basis, and underwriting fees, dealer concessions, or related compensation in connection with securities acquired in underwritten offerings;
  - odd lot differentials, transfer or other taxes, floor broker-dealer fees, exchange fees, service and handling fees, electronic fund or wire transfer fees, costs of exchanging currencies, margin interest, and other expenses incurred with respect to any investments made or assets held for the client's account; and
  - initial and deferred sales charges and short-term redemption fees in connection with the purchase or redemption of mutual funds (or variable annuity contracts or variable life insurance contracts, if any).
- Mutual Fund & ETF Expenses. Clients whose accounts invest in mutual funds or ETFs will indirectly bear the internal management, operating, and investment fees and expenses charged by mutual funds or ETFs to their shareholders, including servicing and distribution fees paid pursuant to Rule 12b-1 ("12b-1 Fees"), recordkeeping fees, transfer and sub-transfer agent fees. The risks, potential benefits, fees, and expenses of mutual funds and ETFs are described in product's prospectus or summary disclosure. Clients should become familiar with such information prior to investing. Additionally, mutual funds may impose a redemption fee if shares are sold within a short time period, usually within 30, 60 or 90 days from the date of purchase.

A client could invest in mutual funds or ETFs directly, without the services of MCAS or the Representative. In that case, the client would not receive the services provided by MCAS and the Representative, which are designed, among other things, to identify mutual funds or ETFs which are appropriate in light of the client's objectives, needs, and circumstances. Accordingly, clients should review the fees charged by the funds and ETFs in which their accounts are invested in evaluating the costs of the services being provided.

- Custodial Expenses: Clients will pay the cost of services provided by the custodians of their accounts for: (1) arranging for the receipt and delivery of account securities purchased, sold, borrowed or loaned; (2) making and receiving payments for account securities; (3) custody of account securities; and (4) custody of all cash, dividends, exchanges, distributions, and rights accruing to the account, and delivery of cash to client bank accounts. The custodian may be compensated through commissions or other transaction-based fees for securities transactions executed through the custodian (or its affiliates) or by asset-based fees settled into the custodian's accounts, or both. The specific fees and terms of each custodian's services will be described in the custodian's separate account agreement with the client.
- Cash Management Fees and Expenses. Cash in accounts awaiting investment or reinvestment may be invested in cash balances or money market funds with the custodian (or its affiliate), pursuant to an automatic cash "sweep" program. The adviser to these funds may be the custodian (or its affiliate). MCAS's agreement with Pershing provides that Pershing will compensate MCAS based on the balances of client accounts in such sweep accounts. Consequently, the possibility of this compensation creates an incentive for MCAS to make decisions for the account which would have the effect of increasing this compensation. MCAS and Pershing (or its affiliate) may also receive distribution payments pursuant to Rule 12b-1 from the money market accounts in which account cash is invested. Such compensation or payments are not credited against, and will not reduce, the Program Fees or other amounts a client owes to us.
- Risks from Liquidation of Assets to Pay Fees: The custodian will be authorized to deduct the Program Fees directly from the account to us according to our instructions, without notice to you or your consent. Clients are required to provide any additional documents requested for the deduction and payment of the Program Fees. If sufficient cash is not available in the Account to pay the Program Fees when due, account securities will be liquidated without prior notice to you. If mutual fund shares are liquidated, there is a risk you will be charged a contingent deferred sales charge or an early redemption or other fees intended to discourage short-term trading of mutual fund shares. There is also a risk that the value of the securities may have declined at the time of such liquidation, thereby causing you to realize a loss and forego opportunity for future appreciation of the securities.

Clients should consider carefully all of the direct and indirect fees and expenses of our services and the investment products we recommend to understand fully the total costs the client will bear and evaluate the value of the services we provide.

*Please refer to the "Broker-Dealer Practices" section (Item 12) of this Brochure for additional information regarding broker-dealer, transaction, and other fees and expenses clients will incur.*

#### **D. TERMINATION OF ADVISORY AGREEMENTS & REFUNDS**

Advisory Agreements may be terminated by the client or us at any time upon written notice to the other. Upon termination, any earned but unpaid Program Fees owed to us will be immediately due and payable; and any unearned Fees we have received will be refunded to the client within 30 days, prorated based on the number of days that Advisory Agreement was in effect during such quarter. We will not ask or require prepayment of Program Fees of more than \$1,200 per client six months or more in advance.

After an Advisory Agreement has been terminated: transactions involving client's assets will be executed at the prevailing rates for, and client will incur commissions and other costs for transactions, clearance, settlement, and custodial charges imposed by the Custodian and any broker-dealers (including without limitation, MCAS); client will be responsible for monitoring the assets; and neither MCAS nor the Representative will have any further obligation with respect to client or those assets.

#### **E. COMPENSATION FROM THE SALE OF SECURITIES & INSURANCE PRODUCTS**

MCAS is registered as both an investment adviser and broker-dealer dealer and as an insurance general agency in a number of states. Clients who wish to purchase securities or insurance products will work through our Representative for these products, acting in their separate capacity as our broker-dealer representatives or as licensed insurance agents. MCAS hopes that Financial Planning and Consulting clients will implement advisory recommendations through MCAS; however, advisory clients do not have any obligation to implement any advisory recommendations through MCAS or our Representatives, and may choose to purchase such products from other broker-dealers, insurance companies, or agents not affiliated with us.

When Representatives sell securities or insurance products they will earn commissions and other compensation, including servicing and distribution fees paid pursuant to Rule 12b-1, and in some cases, recordkeeping fees, and transfer and sub-transfer agent fees.

Generally, we do not reduce or offset the Program Fees, Financial Planning Fees, or Consulting Fees by the amount of any such sales or other compensation. Any reduction or offset of the Program Fees, Financial Planning Fees, or Consulting Fees is at the discretion of the Representative and the Firm, and will be disclosed to clients prior to implementing transactions.

Commissions and other compensation from the sale of securities and insurance products represent more than half of our firm's annual revenues and are our primary forms of compensation. The potential for sales compensation creates a conflict between our interests and the interests of our clients, and may affect our judgment when making recommendations. Clients, however, are not under any obligation to purchase any securities or insurance products recommended by the Firm or our Representatives, and may choose to purchase such products from firms not affiliated with MCAS or a Representative.

#### **Item 6: PERFORMANCE COMPENSATION & SIDE-BY-SIDE MANAGEMENT**

We are required to disclose in Item 6 certain information about any "performance-based" fee arrangements with clients, and any situations where we manage both accounts with performance-based fee arrangements and accounts without such arrangements.

Because we do not have any performance-based fee arrangements with our clients, we do not have further disclosures for Item 6.

## **Item 7: TYPES OF CLIENTS & ACCOUNT REQUIREMENTS**

We provide investment advisory services to the following types of clients:

- Individuals, including high net worth individuals;
- Pension and profit sharing plans;
- Trusts, estates, and charitable organizations;
- Corporations and other businesses not listed above.

Please refer to Item 4 for specific information regarding the minimum account size required for each of our programs.

## **Item 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES & RISK OF LOSS**

We use the following methods of analysis in formulating advice and managing the client accounts for which we are the portfolio manager:

### **A. METHODS OF ANALYSIS**

#### Fundamental Analysis

We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the asset class of the security and the management of the company) to determine if the security should be included in the portfolio.

Fundamental analysis does not attempt to anticipate market movements. As such, this method of analysis carries a risk that it may not recognize when the price of a security is moving up or down as a result of overall market movement regardless of the economic and financial factors considered in a fundamental analysis of the security.

#### Technical Analysis

Through a number of different statistical measures and data regarding the direction and velocity of movements in certain market averages and indices, prices for securities or other investment products, and economic indicators, we seek to identify short, intermediate, and longer term market trends or cycles, and recurring patterns of market movements, to assist us in determining when to enter or leave a market.

Technical analysis provides indications of market direction and potential turning points, but is an imprecise tool that can result in inaccurate buy or sell signals that do not coincide with actual market turns. Technical analysis does not consider the underlying financial condition of a company. As such, technical analysis carries the risk of generating a buy signal based on market trends for stock in a company that is poorly managed or financially unsound and that may underperform regardless of overall market movement.

*Please refer to the discussion in Item 8.B for information about our methods of analysis for market timing strategies.*

#### Modern Portfolio Theory And Asset Allocation

MCAS utilizes modern portfolio theory (MPT) to develop asset allocation recommendations for clients. MPT is a quantitative asset allocation methodology used in balancing expected risk and return in a portfolio.

Asset allocation focusing primarily on identifying an appropriate ratio of investments in equity securities (e.g., stocks), fixed income securities (e.g., corporate bonds), cash, and other types of investments consistent with the client's investment goals and risk tolerance.

MPT emphasizes portfolio diversity with a long-term investment perspective, and is firmly rooted in the belief that markets are fairly efficient and that investors' gross returns are determined largely by asset allocation decisions for deriving an optimal set of risk-return combinations among individual portfolio assets.

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

Also, MPT requires assessment of three critical "inputs" of portfolio assets: (i) expected returns; (ii) expected risk; and (iii) an expected correlation matrix for each position. There can be no assurance that MCAS will be successful in accurately forecasting the required inputs or that an optimal risk-return asset allocation combination will be achieved. Similarly, there is no assurance that MPT (or any other investment methodology) will be profitable over any specific time period.

While we generally subscribe to the MPT investment philosophy, occasionally we may find unexpected investment opportunities. In these circumstances, we may recommend the investment even though it deviates from our general strategy.

#### Mutual Fund, ETF, and Third-Party Manager Analysis

Depending on the specific program, account assets will generally be invested in portfolios of mutual funds, and in some programs, exchange-traded funds ("ETFs"). ETFs are a type of Investment Company that aims to achieve the same return as a particular market index. They can be either open-end companies or unit investment trusts. ETFs are not considered to be, and are not permitted to call themselves, mutual funds. ETFs differ from mutual funds and unit investment trusts because shares issued by ETFs are bought and sold by investors on a secondary market. Unlike mutual funds, retail investors generally cannot tender their shares directly to the ETF for redemption because shares of ETFs are redeemable from the fund only in very large blocks (blocks of 50,000 shares, for example).

ETFs offer the ease of stock trading. ETFs can be purchased on margin, sold short, or held for the long term. MCAS may use ETFs to achieve market exposure consistent with the index on which the ETF is based, through one security. Investment returns and principal value will fluctuate so that an account's ETF shares, when sold, may be worth more or less than the original cost. In analyzing mutual fund investments, we look at the underlying investments in the funds to determine appropriateness for the overall portfolio.

We look at the experience and track record of the mutual fund and ETF managers to determine if they have demonstrated the ability to invest successfully over periods of time and in different economic conditions. We also consider whether or not there is a significant overlap with the underlying investments held in other funds or ETFs. We monitor the funds and ETFs in an attempt to determine if they are continuing to follow their stated investment strategies. We analyze very similar factors when reviewing third-party managers.

A risk of our method of analysis is that past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, we do not control and do not have complete information about the underlying securities owned by the mutual funds, ETFs, or third-party managers. Further, there is a risk we may not be aware that the portfolio managers of two or more of the mutual funds or ETFs may have invested in the same security, which would increase the risk to the client if that security were to fall in value. Additionally, there is a risk that a manager may deviate from the stated investment mandate or strategy of a fund or ETF, which could cause the fund or ETF to become less suitable for a client. Moreover, as we do not control the manager's daily business and compliance operations, we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

#### Portfolio Adjustments

Unless the client notifies us in writing to change the portfolio and allocation for their account, we will continue to manage the account according to the most recent written instructions of the client. Clients should inform us promptly of significant changes in their individual or family circumstances or financial situation, or in their investment goals or objectives, investment time horizon, tolerance for risk, or liquidity needs so that appropriate changes can be made in the portfolio and asset allocation for their account. Accounts will be "rebalanced" to their target allocations only to the extent specifically provided in Advisory Agreement for the particular program.

#### Caution Regarding Estimates

When we develop estimates or projections for a client, whether of estimated future income, expenses, inflation, tax liabilities, or other matters, we will rely on the information the client provides and on assumptions about certain key economic, financial, and tax matters. While we believe the assumptions will be reasonable at the time made, there is no assurance the assumptions will prove correct in the future. Our assumptions about governmental policies or tax rates, economic or market conditions, or other key matters may not be accurate within the time frames projected. Any errors in the information we receive or in the assumptions we use may result in significant differences between our projections and your actual experience.

#### Risks Of Inaccurate Or Biased Information

Our methods of analysis assume the accuracy of the information we analyze, such as ratings, financials, and research. While we are alert to indications that the data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

### **B. INVESTMENT STRATEGIES & RISKS**

We use the following strategies, as appropriate, depending on the particular needs and objectives of the accounts for which we serve as portfolio manager:

#### Long-Term Investments

This strategy involves buying and holding a security for a year or longer, which may occur when we believe a security is currently undervalued or we seek exposure to a particular asset class over time, regardless of the current values. A long-term investment strategy carries the risk that the investments will not achieve the price targets our analysis suggests. The risks of this strategy will be influenced by the types of securities and issuers in which we invest. We may invest in securities of issuers with any size market capitalization.

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

### Short-Term Purchases

This strategy involves purchasing securities with the idea of selling them within a relatively short time to take advantage of conditions we believe will soon result in a favorable price swing. There is no assurance the securities will perform as expected. A short-term purchase strategy poses risks that the anticipated price swing may not materialize, leaving a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss. This strategy involves more frequent trading than a longer-term strategy, and will result in increased broker-dealer and other transaction-related costs, as well as less favorable tax treatment of short-term gains.

### Trading

Trading involves purchasing securities with the idea of selling them relatively quickly. We may use this strategy to take advantage of our predictions of brief price swings. A trading strategy creates the potential for sudden losses if the anticipated price swing does not materialize, and could result in having a long-term investment in a security that was designed to be a short-term purchase, or the potential of a loss.

We do not anticipate using a frequent trading strategy. However, in the event we recommend this strategy for a particular client, they should understand that higher rates of portfolio turnover would likely result in an increase in the account's broker-dealer costs. High portfolio turnover may also result in the realization of net capital gains, and any distributions derived from such gains may be ordinary income for federal tax purposes.

### Market Timing

A market timing strategy attempts to minimize unfavorable performance in a falling market and to provide appreciation possibilities in a rising market by purchasing, selling, exchanging, redeeming, or otherwise investing and reinvesting a client's account based upon investment "signals" the portfolio manager determines from proprietary research, and in some cases, from signals provided by a third-party service.

This strategy involves trading in and out of positions based on the signals, and is not a "buy and hold" or long-term investment strategy (although there may be periods of months or longer that positions are held). The portfolio manager will generally follow the signals to trade the client's account, but may, in its discretion, reject, delay implementation, or modify, in whole or in part, actions suggested by a signal and may engage in other transactions for the account, as the portfolio manager deems appropriate in an effort to achieve the account's objective. There is no set minimum or maximum number of positions which will be held in an account or specific frequency according to which account positions will be traded through this strategy.

### Risk Of Mutual Fund Policies Regarding Excessive Trading

Mutual fund companies and insurance companies that issue variable products often maintain policies prohibiting excessive market timing or short-term trading in mutual funds or variable product subaccounts, and prohibit excessive transactions for the purpose of market timing.

Excessive trading into and out of a fund or subaccount can disrupt portfolio management strategies, harm fund or subaccount performance by forcing the fund or subaccount to hold excess cash or to liquidate certain portfolio securities prematurely and increase expenses for all investors, including long-term investors who do not generate these costs. Funds or subaccounts that invest in high-yield securities or invest in securities that are valued using fair value pricing methods may be particularly susceptible to the risks of market timing or short-term trading strategies.

To limit the negative effects of excessive trading, many fund companies and insurance companies have adopted restrictions on account transactions. For example, policies may provide that if an account redeems (including exchanges) \$5,000 or more of a fund or subaccount, that account will be prevented (or “blocked”) from purchasing (including exchanges) shares or units for 30 calendar days after the redemption. These policies may also provide that restrictions do not apply to transactions made through asset allocation or other programs.

The portfolio manager does not intend to engage in excessive trading contrary to the policies stated in the prospectus of any fund or variable product. However, the portfolio manager may engage in short-term trading of fund or subaccount positions that will subject client accounts to a fund’s or variable product’s temporary “blocking” of purchases or exchanges. If during any period when an account is blocked the portfolio manager receives a signal to engage in transactions that are blocked by the fund company or insurance company, such signal will not be followed. As a result, the Account may not reflect the portfolio or the holdings of accounts that were not blocked, and performance may be adversely affected. Accounts that are blocked will be rebalanced to reflect the selected portfolio when the portfolio manager is reasonably able after the end of the blocking period.

If a fund company or insurance company believes that any of MCAS’s accounts has engaged in excessive trading, the fund company or insurance company may reject orders for all MCAS accounts, and refuse to process purchase orders for any account we manage. A fund company or insurance company may also require liquidation of accounts that it believes engage in excessive trading or that are managed by an adviser or broker-dealer that engages in excessive trading in other accounts. Although MCAS believes that blocking will not occur frequently, if at all, there can be no assurance that an account will not be blocked or required to liquidate. There is a risk of economic losses if an account is blocked or required to liquidate.

Market timing may also involve purchases and exchanges of fund or subaccount positions that will cause accounts to be charged exchange fees by the mutual fund or variable product issuer, and by our clearing firm or account custodian. In addition, mutual funds and variable product issuers may charge early redemption fees for sales occurring within periods of 30 to 90 days following a purchase. Early redemption fees can occur due to the timing of signals, withdrawals by the client, or from the portfolio manager redeeming shares or units to pay our Program Fees.

In selecting or recommending mutual funds or variable products, Advisors takes into consideration possible restrictions on exchanges, exchange fees, and early redemption fees, but assumes no responsibility for any potential or actual losses resulting from any restrictions or for any such fees. Clients will be solely responsible for all ex-change fees and early redemption fees that occur from management of the Account.

#### Margin Transactions

Occasionally, we may use a margin account offered by the custodian to borrow sufficient funds to purchase a security for your account. This typically happens if sufficient cash is not available in the account to purchase the security and it is not advantageous to sell other investments.



The use of margin carries risks that you should understand. We do not expect to use significant amounts of margin or other leverage in our strategies. However, certain types of transactions may or must be executed through a “margin account” (e.g., short sales).

In volatile markets, security prices can fall very quickly. If the net value of your account (less the amount you owe the broker-dealer) falls below a certain level, the broker-dealer will issue a “margin call” and you will be required to sell the security (and other positions) or add more cash to the account. You could lose more money than you originally invested. Additionally, you must pay interest on the margin balance you owe to the broker-dealer until it is repaid in full. The amount of margin interest will diminish your profits and in some cases could cause net losses in your account.

#### Option Transactions

There are several types of option transactions that we may recommend in particular circumstances. However, we do not expect frequent option transactions. We may recommend certain clients sell “covered call” options to earn extra income. In these transactions, a third party pays you a “premium” for your promise to sell a specific security to the third party at a fixed “exercise” price no later than a certain “expiration date.” If the market price of the security on the expiration date is less than the exercise price, the third party will not exercise the option and it will expire. In that case, you would realize a profit equal to the premium you received, less transaction costs. However, if the security price is above the exercise price, you will be required to sell the security at the agreed price, even though the market price may be far higher.

#### Insolvency Of Broker-Dealers And Others

Clients will be subject to the risk of failure of the broker-dealer firms that execute their trades, the clearing firms that such broker-dealers use, or the clearinghouses of which such clearing firms are members. Although we believe the institutions we recommend have sufficient capital, there is no assurance this will continue to be the case.

#### Trade Errors

On infrequent occasions, an error may be made in a client account. For example, a security may be erroneously purchased for a client account instead of sold. In these situations, if MCAS was responsible for such error, MCAS’s policy is to restore or return the account to the position it would have been in had the trading error not occurred. Depending on the circumstances, various corrective steps may be taken, including but not limited to, canceling the trade, adjusting an allocation, or reimbursing the account.

#### Risk Of Loss

Investing in securities involves risk of loss that clients should be prepared to bear. Securities are not guaranteed and you may lose money on your investments. We ask that you work with us to be sure we understand your willingness and financial ability to bear the risks of your current investments and the investments we recommend for your account.

## **Item 9: DISCIPLINARY INFORMATION**

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

### **Matter 1: Order**

Regulator: State of Kentucky

Date: July 23, 2008

Payment: Voluntary contribution of \$5,000 to State Investor Protection Trust

The Firm entered into an agreement with the State of Kentucky to resolve the State's finding that MCAS has failed to conduct heightened supervision of a Representative.

### **Matter 2: Letter of Acceptance, Waiver and Consent**

Regulator: FINRA

Date: December 4, 2007

Payment: \$13,500

The Firm entered into a letter of acceptance, waiver and consent to resolve FINRA's finding that MCAS failed to timely report five customer-related matters, and failed to timely amend the Forms U-4 and U-5 of six Representatives to report these matters.

### **Matter 3: Stipulation and Consent**

Regulator: Nevada Secretary of State

Date: August 7, 2006

Payment: \$7,500

The Firm entered into a letter of acceptance, waiver and consent order to resolve the State's finding that MCAS had failed to register a representative and a representative's branch office with the State.

## **Item 10: OTHER FINANCIAL INDUSTRY ACTIVITIES & AFFILIATIONS**

### **A. FINANCIAL INDUSTRY REGISTRATIONS & ARRANGEMENTS**

We are required to disclose in Item 10 if MCAS is registered as a broker-dealer, futures commission merchant, commodity pool operator, or commodity trading advisor, or if our managers are registered as representatives of such a firm.

As Money Concepts Capital Corp, we are registered with the SEC and all 50 states and the District of Columbia as a broker-dealer, and we are a member of FINRA. MCCC's primary business activity is the sale of securities and other broker-dealer products and services. The executive officers and Representatives of MCAS are separately licensed as registered principals or representatives of MCCC. MCAS's principal executive officers and associated persons, in their separate capacities on behalf of MCCC, may effect securities transactions for any client for separate and typical sales compensation.

*Please refer to Item 5.E for further information about the broker-dealer services MCCC and our Representatives provide to clients and the additional compensation that clients pay to purchase securities or insurance products.*

MCCC has entered into a fully disclosed clearing agreement with Pershing under which Pershing provides clearing, custody, and recordkeeping services for MCCC broker-dealer client accounts.

MCCC acts as the introducing broker-dealer for all broker-dealer transactions originated by the Firm or our Representative when acting as the portfolio manager for the investment management services described in this Brochure.

We have a conflict of interest in recommending MCCC and Pershing as the introducing and clearing broker-dealers for client accounts. . In addition, MCCC receives other economic benefits from Pershing, such as a share of the interest on money market or margin account balances, which are based on the number and size of the accounts and balances carried with Pershing.

It is expected that MCAS and its executive officers will spend more than fifty percent of their time on MCCC's broker-dealer business and less than fifty percent of their time on matters related to MCAS' investment advisory services.

Clients should be aware that the receipt of economic benefits by the Firm, its management persons, or employees creates a conflict of interest that may impair the objectivity of the Firm and these individuals when making recommendations. We endeavor at all times to put the interest of our clients first as part of our fiduciary duty as a registered investment adviser and take the following steps to address this conflict:

- We disclose the existence of all material conflicts of interest, including the potential for our firm and its employees to earn sales compensation from advisory clients in addition to our advisory fees;
- We disclose to clients that they are not obligated to purchase any recommended securities or insurance products or services from MCCC or our Representatives;
- We collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- Our management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable for the client's needs and circumstances;
- We require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- We periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
- We educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

## **B. FINANCIAL INDUSTRY AFFILIATES**

We are required to disclose if we have any affiliates in the financial services industry, or who provide services to the financial services industry, such as attorneys or accountants, and if so, to disclose any conflicts of interest arising from arrangements with such affiliates.

MCAS is a subsidiary of World Investment Network, which also owns another SEC-registered investment adviser and broker-dealer, GWN Securities, Inc. Although the two entities are affiliated, there are no arrangements between the two firms.

MCAS's officers and Representatives are licensed insurance agents for Money Concepts International. ("MCI"), an insurance general agency and are appointed with various national insurance companies. MCI is licensed as an insurance agency in each of the states in which it offers insurance and insurance-related products and services.

As licensed agents, our officers and Representatives are able to recommend and sell life, and variable annuity and variable life insurance products. These products may be recommended and sold to MCAS's advisory clients. If a client purchases an insurance product, MCI and our Representative will receive separate, but typical compensation.

### **C. REFERRALS TO OTHER ADVISERS**

We are required to disclose if we have any arrangements to refer clients to other advisers for compensation.

Please refer to Item 4 for information regarding the programs and referral arrangements with advisers available through the Lockwood Advisors and Chesapeake Investment Group programs. We do not have any other referral arrangements with other investment advisers.

## **Item 11: CODE OF ETHICS, INTEREST IN TRANSACTIONS & PERSONAL TRADING**

### **A. CODE OF ETHICS**

MCAS has adopted a Code of Ethics expressing the firm's commitment to ethical conduct. MCAS's Code of Ethics describes the firm's fiduciary duties and responsibilities to its clients, and sets forth MCAS's practice of supervising the personal securities transactions of supervised persons with access to information regarding client recommendations or transactions.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy of our Code of Ethics by email sent to [compliance@moneyconcepts.com](mailto:compliance@moneyconcepts.com) or by calling us at (561) 472-2000.

We owe a duty of loyalty, fairness, and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but also to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the Firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our Code also provides for oversight, enforcement, and recordkeeping provisions.

Our Chief Compliance Officer may grant exceptions to certain provisions contained in the Code where the interests of our clients will not be adversely affected or compromised. Doubts arising in connection with personal securities trading should be resolved in favor of the client even at the personal expense of our employees.

Our Code of Ethics further includes the Firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

MCAS or any of its principals, officers, affiliates, employees and Representatives may act as investment adviser for others, may manage funds or capital for others, may have, make and maintain investments in its or their own names, or may serve as an officer, director, consultant, partner or stockholder of one or more investment partnership's or other businesses, subject to compliance with MCAS's Code of Ethics and other written procedures.

In doing so, MCAS or such persons may give advice, take action, and refrain from taking action, any of which may differ from advice given, action taken or not, or the timing of any action, for any particular client.

Nothing in this Disclosure Document or otherwise shall impose upon MCAS or any Representative any obligation to purchase or sell, or to recommend for purchase or sale, for any accounts any security which MCAS or any principal, officer, employee or Representative purchases or sells for his own account or for the accounts of other clients, unless not to engage in such activity would violate MCAS's fiduciary duty.

#### Confidentiality Of Client Information

Protecting the confidentiality of its customers' nonpublic information is paramount for MCAS. As such, the Firm has instituted policies and procedures to ensure that nonpublic customer information is kept confidential. MCAS does not disclose any nonpublic personal information about its customers or former customers to any nonaffiliated third parties except as provided in this Brochure, in its Notice of Privacy Policies, or as required by or permitted by law. In the course of servicing a client's account, MCAS may share some information with its service providers, transfer agents, custodians, broker-dealers, accountants, and attorneys. MCAS restricts internal access to nonpublic personal information about the client to those employees who need access to such information in order to provide products or services to that client. MCAS also maintains physical, electronic, and procedural safeguards to protect its clients' information.

MCAS and our Representatives may share among themselves information regarding clients, accounts, and account activity, and each has agreed to keep such information confidential, to be used only to provide services for the account or to meet regulatory or supervisory requirements. Under certain circumstances, former Representatives may be permitted to retain copies of nonpublic customer information after they cease to be associated with MCAS.

A copy of the Firm's Notice of Privacy Policies will be provided to each client at the beginning of our relationship. Thereafter, MCAS will deliver annually to its clients the Firm's current notice of privacy policies.

#### **B. RECOMMENDATIONS INVOLVING OUR FINANCIAL INTERESTS**

We are required to disclose in Item 11 if we recommend that clients invest in securities in which MCAS or our employees have a material financial interest.

MCAS may effect principal transactions with clients in the over-the-counter market on a "net" basis where the price to the customer includes a mark-up/mark-down to the Firm, and without any commission charges. However, service charges (e.g., ticket charges) may be charged to cover costs associated with clearance, settlement, and confirmation services. We will comply with Section 206(3) of the Investment Advisers Act of 1940 and provide appropriate disclosures and obtain client consent when effecting principal transactions with advisory clients.

When we sell securities or insurance products to advisory client (such as, mutual funds and variable annuities), and when we serve as a broker-dealer in typical broker-dealer transactions on exchanges or over-the-counter for advisory clients, we will receive sales charges, commissions, and other forms of compensation, such as service and distribution fees payable by mutual fund companies pursuant to SEC Rule 12b-1, recordkeeping fees, and transfer and sub-transfer agent fees. Our compensation will vary according to the size and nature of the transactions and the account for which they are effected.

Generally, the commission rates are negotiable on broker-dealer transactions and fixed commission rates as per the dealer agreement for investment company transactions, and, therefore, different rates may apply.

### **C. INVESTMENTS IN SECURITIES WE RECOMMEND TO CLIENTS**

Individuals associated with MCAS may buy or sell securities for their personal accounts identical to or different from those recommended to clients. It is the policy of MCAS that no person employed by MCAS shall prefer his or her own interest to that of an advisory client or make personal investment decisions based on the investment decisions of clients.

### **D. INVESTMENTS AROUND SAME TIME AS CLIENT TRANSACTIONS**

MCAS and its associated persons may not purchase or sell a security immediately prior to transactions in the same security for client accounts, or participate in block trades with clients, without pre-clearance from the Chief Compliance Officer or qualified designee; provided, pre-clearance is not required and associated persons may participate with clients in block trades effected by third-party managers in a managed account program. In granting pre-clearance, the Chief Compliance Officer or designee may consider whether the security trades in sufficiently broad markets to permit transactions by an associated person to be completed without an appreciable impact on the market for the security. Trades involving government securities or shares of open-end mutual funds do not require pre-clearance.

We have adopted the following procedures to address the potential conflicts of interest from our policies described in Items 11.C and 11.D:

- MCAS emphasizes the unrestricted right of the client to specify investment objectives, guidelines, and/or conditions on the overall management of their account.
- Associated persons or their immediate family members shall not buy or sell securities for their personal portfolio(s) where their decision is derived in whole or in part, by reason of the associated person's employment, unless the information is also available to the investing public on reasonable inquiry.
- No associated person of MCAS shall prefer his or her own interest to that of an advisory client in any transaction.
- MCAS and its access persons may not participate in private placements or initial public offerings (IPOs) without pre-clearance from MCAS's Compliance Officer.
- MCAS requires that all individuals act in accordance with applicable federal and state regulations governing registered investment advisory practices.
- Records will be maintained of all securities bought or sold by MCAS and its access persons. A qualified representative of MCAS will review these records on a regular basis.
- Any individual not in observance of the above may be subject to termination.

## **Item 12: BROKER-DEALER PRACTICES**

### **A. FACTORS WE CONSIDER WHEN RECOMMENDING BROKER-DEALERS**

In this Item 12, we describe the factors we consider in recommending broker-dealers for advisory clients and in determining the reasonableness of their compensation. We also describe various conflicts of interest that may influence our recommendations.

## Financial Planning and Consulting Planning Clients

Financial Planning and Consulting clients who request the Representative to assist with the implementation of recommendations for the purchase or sale of securities or insurance products will have MCAS and Pershing, as its clearing broker-dealer, recommended to them; provided, for transactions directly with a mutual fund company or insurance company issuing a variable product, MCAS may act as broker-dealer without the use of a clearing firm.

Client is under no obligation to buy any security or insurance product recommended in any financial plan or consulting service, and if the client elects to implement any such recommendation, the client is under no obligation to purchase the product through MCAS or the Representative, and may purchase such product through any licensed agent or financial services firm they choose.

When selling securities or insurance products, the Representative will be acting as MCCC's broker-dealer representative, and MCCC and the Representative will receive commissions and other compensation (including 12b-1 fees, as described in Item 5.E) as a result of those transactions. The possibility of such compensation creates an economic incentive (and conflict of interest) for the Representative.

As discussed below, we have evaluated (and continue to evaluate) the nature and quality of Pershing and our services, experience, professionalism, commissions, and transaction costs when acting as broker-dealers in selling securities and insurance products, and reasonably believe the recommendation of our services (and Pershing's, where required) is consistent with our fiduciary responsibilities.

## Managed Account Clients

We evaluate on a continuing basis the recommendations we make to client of brokers for the managed account programs we offer. We have determined our recommendations of Pershing and MCAS (and our recommendation of Fidelity, for the World Class Programs) are reasonable and consistent with our fiduciary responsibilities.

Clients should understand that in some programs (for example, the World Class Programs), we are acting solely in our capacity as the client's investment adviser in managing the client's account, and are not acting as a broker-dealer.

MCAS is not granted discretionary authority in any of our managed account programs to select the broker-dealer(s) to effect transactions for a client's managed account. In each program, the client must direct us to use a specific broker-dealer for their program account. Depending on the program, we will recommend our services as introducing broker-dealer and Pershing's services as clearing broker-dealer and custodian, or Fidelity's services as broker-dealer and custodian (although in some programs other custodians acceptable to us may be designated by the client).

In recommending broker-dealers, we consider the full range and quality of the broker-dealer's services, including, among other things, execution capability, cost, financial responsibility, responsiveness, and the value of research and other services provided. MCAS will not recommend a broker-dealer solely on the basis of the lowest possible commission cost, but rather, will determine whether the broker-dealer has the ability to provide the best qualitative execution. The reasonableness of a broker-dealer's compensation is based on the broker-dealer's ability to provide professional services, competitive commission rates, research, and other services which will help us in providing investment services to clients.

Consequently, we may recommend a broker-dealer that provides useful research and brokerage services, even though a lower commission may be charged by a different broker-dealer.

Our recommendation of Pershing and Fidelity, depending on the particular program, is influenced by our economic interests. As an investment adviser, we have a significant interest in encouraging clients to open and maintain accounts with Pershing or Fidelity.

We depend on the services Pershing and Fidelity make available to us as custodians for our client accounts, including:

- access to institutional trading desks;
- duplicate client confirmations and bundled duplicate statements;
- ability to have investment advisory fees deducted directly from client accounts;
- access to an electronic communications networks for client account information;
- receipt of compliance publications;
- access to mutual funds otherwise available for significantly higher minimum initial investments or only to institutional investors; and
- access to educational events or occasional business entertainment of our personnel.

These services and benefits are generally available to investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$15 million of the adviser's client assets are maintained in accounts with these firms. These services are not contingent on MCAS committing to any specific amount of business (assets in custody or trading commissions).

When we use client commissions, markups, or markdowns (or similar amounts paid for executing wrap account transactions) to obtain research or other products or services from broker-dealers, we do not have to pay for these products and services from our own funds. Consequently, a conflict exists between the interests of our clients in receiving best execution and our interest in receiving these items.

In evaluating broker-dealers, we consider all of the products, services, and benefits we receive; our recommendations are not based solely on the cost and quality of the custodial or brokerage services a broker provides.

Because of the incentive we have to recommend Pershing and Fidelity, we have adopted policies and procedures to monitor and mitigate this conflict by periodically analyzing the Pershing and Fidelity programs we recommend for our clients, evaluating the usefulness of the services received in relation to the costs of such services, and assessing the overall quality of the services.

#### Benefits Specific to Our Clearing Relationship

Clients should understand when we recommend our services and the services of Pershing, our recommendation is affected by our financial interests in seeking to increase our broker-dealer business by increasing the number of transactions Pershing processes as our clearing firm, and increasing the value of our clients' assets Pershing holds in its accounts.

In addition, MCAS receives other payments and credits from Pershing based on a percentage of the interest paid by clients on margin account balances, a percentage of interest earned on customer "free credit balances," a percentage of the interest earned on sweep account balances maintained by Pershing or its affiliates, and a percentage of IRA account fees.



These payments or credits to us from Pershing will grow as the amount of assets maintained in our clients' Pershing accounts increases.

We rely on Pershing's systems that provide access to client account information and records, including duplicate and batched client statements, confirmations, and year-end summaries; pricing information and other market data; and recordkeeping and client reporting assistance. Many of these services may be used to service all of our accounts, including accounts not maintained with Pershing.

The existence of these products and services from Pershing influences our recommendation of Pershing to clients, and creates a significant conflict of interest that clients should consider when evaluating whether to accept our recommendation of our or Pershing's services. We offer no assurance that the costs clients will incur by using MCAS as investment adviser or broker-dealer, or using Fidelity or Pershing as broker-dealer or custodian will be as low as the costs charged by other firms for similar services; it is likely that lower costs are available for similar services from other broker-dealers or custodians.

#### Broker Services Not Used for Specific Accounts

We do not attempt to put a dollar value on the services received from Pershing or Fidelity by each account, nor do we attempt to allocate or use the services received for the benefit of specific accounts, or attempt to use any particular item to service all accounts. We will use the services we receive to assist in managing accounts not maintained with the broker-dealer whose commissions were used to pay for such services. The services and support we receive from broker-dealers are used to help our firm to fulfill its overall client obligations. Clients will likely pay commissions or other transaction costs which will be used, in part, to pay for services that are not used to benefit their account.

Consequently, a conflict of interest exists between clients' interests in receiving most favorable execution and lower transaction costs, and our interest in recommending the broker-dealers who provide us services and support. To address this conflict of interest, we have adopted the following policies and procedures to monitor and mitigate this conflict:

- We consider the transaction costs (including commissions or spreads, market impact costs, and opportunity costs), as well as the full range and quality of the broker-dealer and related services the broker-dealer provides. We consider the speed, certainty, consistency and accuracy of execution, responsiveness to our inquiries and requests, willingness and speed in resolving errors or other discrepancies, access to financial products and markets, and research, analyses, and various electronic products and services provided by the broker-dealer or dealer.
- We periodically evaluate the usefulness of the services the broker-dealer provides in relation to our estimate of the compensation paid for those services.
- We perform regular internal qualitative reviews of each broker-dealer's services.

MCAS will continue to review periodically its determination that the costs and quality of services from the broker-dealers we recommend are reasonable in relation to the value of the services provided, viewed in terms of the overall relationship.

#### **B. BROKER-DEALER FOR CLIENT REFERRALS**

We refer our clients to Pershing or Fidelity; however, we do not receive client referrals from them and do not have procedures to direct client transactions to broker-dealers in return for client referrals.

If MCAS receives future client referrals from a broker-dealer, we will not commit to compensate the referring broker-dealer. Nonetheless, if referrals are offered or made to us, a potential conflict of interest may arise between our interest in continuing to receive referrals and our clients' interests in obtaining best price and most favorable execution.

### **C. DIRECTED BROKER-DEALER**

Except for the World Class Pension Program, clients are generally required to direct us to use a specific broker-dealer for their account (e.g., MCAS and Pershing, or Fidelity, depending on the program).

Transactions directed to us as introducing broker-dealer are also directed to Pershing as our clearing broker-dealer. Not all investment advisers require their clients to direct the use of a particular broker-dealer.

Because clients direct the use of broker-dealers, we will not seek lower costs, volume discounts, or price improvement opportunities from other broker-dealers, and best execution may not be achieved. The transaction costs for client transactions may be higher for accounts that direct the use of a broker-dealer than for accounts that do not direct broker-dealer. While MCAS has a reasonable belief that Pershing or Fidelity is able to provide best execution and competitive prices, MCAS will not independently negotiate or seek lower commissions, volume discounts, or price improvements through other broker-dealers.

### **D. AGGREGATION OF SECURITY TRANSACTIONS**

For accounts for which we serve as discretionary portfolio manager, we have the authority, but not the obligation, to combine or aggregate orders for multiple accounts into combined "block" trades we place with a clearing or other executing broker-dealer. Block trading offers the potential for better prices, reduced transaction costs, and timelier execution of orders for the accounts included in the block. Block orders would typically be executed through an "average price account" or similar account such that transactions for all accounts participating in the order will be averaged as to price and transaction costs, and the securities purchased or net proceeds received will be allocated pro rata among the accounts in proportion to their respective orders placed that trading day. Clients should be aware that these advantages are not typically available for orders for mutual funds and subaccounts of variable products due to their characteristic of daily pricing at NAV, and the ticket cost policies of any clearing firm through which the orders are placed; accordingly, orders for these types of securities are not typically aggregated.

Clients should be aware that due to the types of investments in our client accounts (particularly, mutual funds priced daily at NAV), and differences in account objectives, cash positions, account types, and the systems we have available for placing orders, among other factors, block orders may be uncommon for some or all accounts. Accounts whose orders are not aggregated with other orders of other accounts will not receive the benefits of potentially lower transaction costs (if any), or timelier or better execution that might be obtained by accounts whose orders are aggregated.

In certain situations, aggregation of orders may operate to the disadvantage of some accounts, such as where an account may have been able to have its order executed at a more favorable time on a particular trading day. Adviser will ensure that no account it manages as portfolio manager is unreasonably or systematically disadvantaged through the use of block trading. Proprietary accounts of MCAS and its supervised persons will not participate in block orders with clients, except as specifically provided under our Code of Ethics.

## **Item 13: REVIEW OF ACCOUNTS**

### **A. PERIODIC & OTHER ACCOUNT REVIEWS**

Accounts that participate in Programs for which we serve as discretionary portfolio manager are subject to continuous review by the Representative. These accounts are reviewed at least quarterly by the Representative and periodically by a Principal to evaluate consistency of the portfolio with current account investment objectives, and target asset allocation and weighting.

More frequent reviews can be triggered by significant market or economic factors, or changes in the client's financial situation, large withdrawals or significant deposits, or changes in account objectives, liquidity needs, or risk tolerance.

For investment management accounts for which MCAS does not serve as discretionary portfolio manager, the Representative will review the account on a quarterly basis to determine whether the portfolio is consistent with account objectives and target allocations.

For Financial Planning and Consulting clients, the Representative and the client will engage in meetings, telephone conversations, and other communications to discuss and review the various topics to be addressed while the financial plan is being developed or the consulting project is being performed, and upon delivery of the written financial plan or our verbal consulting advice. We will not provide any subsequent monitoring, advice, or updates unless specifically agreed in a written Financial Planning or Consulting Agreement.

### **B. CLIENT REPORTS**

All investment management clients receive statements from the broker-dealers-dealers maintaining their accounts. In addition, for accounts participating in certain programs through Pershing, Pershing provides an additional quarterly account performance report. We do not otherwise provide reports for managed accounts.

Financial Planning clients will receive a completed financial plan. Additional reports will not be provided unless otherwise agreed in the Financial Planning Agreement. Consulting Services clients will not receive any written reports unless specifically provided in their Consulting Agreement.

## **Item 14: CLIENT REFERRALS & OTHER COMPENSATION**

### **A. ARRANGEMENTS WITH THIRD PARTIES FOR ECONOMIC BENEFITS TO THE FIRM**

*Please refer to Item 12 for further information about the products, services, and economic benefits we receive from Pershing and Fidelity.*

### **B. ARRANGEMENTS TO COMPENSATE THIRD PARTIES FOR CLIENT REFERRALS**

MCCC has entered into solicitation agreements with various Financial Institutions, pursuant to which our Representatives may solicit applications from, negotiate with, and sell or offer investment services and products to customers of the Financial Institutions. The investment services and products marketed to customers of the Financial Institutions shall be offered and sold exclusively by our Representatives, who shall be licensed with the appropriate regulatory authorities pursuant to the applicable state and federal insurance and securities laws and regulations. The Financial Institutions will be compensated in connection with the sales of securities, insurance products, and advisory fees. The Financial Institutions may pay a referral fee to their employees under the guidelines of SEC Regulation R.

Individuals referring clients to MCAS have a financial interest in making referrals because they may receive up to eighty percent (80%) of the Program Fees or other advisory fees paid by a client. If the solicitor is a registered representative with MCCC, he or she will also receive compensation if the person referred purchases insurance or securities products or services through MCCC.

As required under SEC Rule 206(4)-3, we require solicitors to disclose this arrangement in writing to the client, provide the client with a copy of this Brochure at the time of the referral, and obtain the client's written acknowledgement of receipt, which we shall retain.

Some advisors have "Client Referral Clubs" where clients may participate in dinners or other events.

#### **Item 15: CUSTODY & ACCOUNT STATEMENTS**

Clients will receive account statements directly from the custodian of their account(s) on at least a quarterly basis showing all transactions during the reporting period. Please review the custodian's account statements carefully.

The custodian's statements are separate from the quarterly reports Pershing provides for certain programs, as described in Item 13. To the extent any report refers to assets held by Pershing, we recommend that the client compare the report and the account statement. Discrepancies should be reported promptly to our Chief Compliance Officer by telephone at (561) 472-2000, or by email at [compliance@moneyconcepts.com](mailto:compliance@moneyconcepts.com).

#### **Item 16: INVESTMENT DISCRETION**

The client is required to grant the portfolio manager full authority to manage the client's account on a discretionary basis to buy, sell, retain and exchange investments, and exercise such other powers as the portfolio manager deems appropriate consistent with the program selected by the client. The portfolio manager will have full discretion to adjust or change the model or weighting of any model portfolio, may invest the account's assets in cash or cash equivalents and effect temporary "sweep" transactions of all uninvested cash balances to a money market mutual fund or other cash management account, which may be managed by the custodian or an affiliate of the custodian.

All grants of discretionary authority must be in writing. If a client wishes to impose reasonable limitations on the portfolio manager's discretionary authority, such limitations must be included in the client agreement or otherwise submitted to us in writing. The client may change or amend these limitations, as desired, by written instruction to the attention of our Chief Compliance Officer by email at [compliance@moneyconcepts.com](mailto:compliance@moneyconcepts.com), by telephone at (561) 472-2000, or by mail to the address shown on the cover page of this Brochure. Clients should be aware that under the terms of each program and any separate agreement between the client and a third-party portfolio manager, the third-party portfolio manager may not accept limitations on its authority.

#### **ITEM 17: VOTING CLIENT SECURITIES**

We require the client to retain responsibility for voting all account securities. We will not vote, exercise rights, make elections, or take other such actions with respect to securities held for accounts we manage. If desired, a client may instruct us in writing to forward to the client or a third party materials we receive pertaining to proxy solicitations or similar matters.

Upon receipt of such written instructions, we will use reasonable efforts to forward such materials in a timely manner. In the absence of a written request, we will discard account proxy and related materials.

Clients may obtain proxy materials directly by written request to the account's custodian. For information about how to obtain proxy materials from a custodian, clients may contact us by email to Chief Compliance Officer at [compliance@moneyconcepts.com](mailto:compliance@moneyconcepts.com), or by mail to the address on the front of this Brochure. However, we do not provide advice about the issues raised by proxy solicitations or other requests for corporate action.

Similarly, we do not advise or exercise rights, make elections, or take other actions with respect to legal proceedings involving companies whose securities are or were held in a client's account, such as asserting claims or voting in bankruptcy or reorganization proceedings, or filing "proofs of claim" in class action litigation. If desired, a client may instruct us in writing to forward to the client or a third party any materials we receive pertaining to such matters. Upon our receipt of such written instructions, we will use reasonable efforts to forward such materials in a timely manner. In the absence of a written request, we will discard such materials. Written instructions should be sent to our Chief Compliance Officer, by email at [compliance@moneyconcepts.com](mailto:compliance@moneyconcepts.com), by telephone at (561) 472-2000, or by mail to the address on the cover page of this Brochure.

## **Item 18: FINANCIAL INFORMATION**

### **A. PREPAYMENT OF MORE THAN \$1,200 IN FEES SIX MONTHS OR MORE IN ADVANCE**

SEC-registered investment advisers who require or solicit fees of more than \$1,200 per client, six months or more in advance are required to provide an audited balance sheet.

Because we do not require or solicit prepayment of fees exceeding \$1,200 per client, six months or more in advance, we have not provided a balance sheet.

### **B. DISCLOSURE OF CERTAIN FINANCIAL CONDITIONS**

SEC-registered advisers with custody or discretion over client funds or securities, or who require prepayment of fees exceeding \$1,200, six months or more in advance must disclose any financial condition reasonably likely to impair their ability to meet contractual commitments to clients.

There is no financial condition that is reasonably likely to impair our ability to meet contractual commitments to our clients.

### **C. BANKRUPTCY WITHIN PAST TEN YEARS**

We are required to disclose if we have been the subject of a bankruptcy petition at any time during the past ten years.

MCAS has never been the subject of a bankruptcy petition.