

## **Firm Brochure**

(Part 2A of Form ADV)

### **The Mutual Fund Research Center, LLC**

**7301 College Blvd., Suite 220**

**Overland Park, Kansas 66210**

**(913) 319-8100**

**[www.MutualFundStore.com](http://www.MutualFundStore.com)**

This brochure provides information about the qualifications and business practices of The Mutual Fund Research Center, LLC. If you have any questions about the contents of this brochure, please contact us at (913) 319-8100, or toll-free at (866) 801-0222 or by email at [info@MutualFundStore.com](mailto:info@MutualFundStore.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about The Mutual Fund Research Center, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

March 2012

## **Material Changes**

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### **Annual and/or Material Changes Update**

Every investment adviser, including The Mutual Fund Research Center, LLC, is required to provide its new clients with a copy of Part 2A of its Form ADV (the Firm Brochure) which describes its advisory services and includes other important information clients should review. Also, we are required to update the Firm Brochure on an annual basis, if changes have occurred, and promptly after material changes, if such have occurred.

This version of the Firm Brochure, dated March 2012, replaces the previous version dated October 2011.

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### **Summary of Material Changes since the Last Update**

The Mutual Fund Research Center, LLC, is updating its previous version of the Firm Brochure, which was dated October 2011, to report the following change-

The Mutual Fund Research Center and a related company receive a fee from Charles Schwab & Co., Inc. (Schwab) for certain services that both provide, either collectively, or separately, to clients of registered investment advisers doing business as The Mutual Fund Store, in their local market. More information about this fee is provided below (see *Benefits Received by the Research Center*).

This revised Firm Brochure for The Mutual Fund Store Research Center, LLC, is dated March 2012.

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### **Full Brochure Availability**

Whenever you would like to receive a copy of our Firm Brochure, you may request it by:

- Contacting your advisor at The Mutual Fund Store;
- E-mail at [info@MutualFundStore.com](mailto:info@MutualFundStore.com); or
- Toll-free telephone at (866) 801-0222.

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## **Advisory Business**

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### **Description of Advisory Firm and Principal Owners**

The Mutual Fund Research Center, LLC is led by its Chief Investment Officer, Adam Bold, and Director of Investment Strategy, Stacey Schreft, and is an SEC (U. S. Securities and Exchange Commission) registered investment adviser.

The Mutual Fund Research Center, LLC (the Research Center) is a wholly owned subsidiary of The Mutual Fund Store, LLC, which has granted franchise rights to independently-owned and -operated Mutual Fund Store franchises in cities across the United States (Franchisees). The Franchisees are investment advisers, registered with the SEC and/or appropriate states' securities regulatory authorities. The Mutual Fund Store, LLC also has affiliated investment advisers, which are company-owned and operated, as those share common owners with The Mutual Fund Store, LLC and also share common senior managers (Affiliates). The Affiliates are investment advisers and are registered with the SEC. The Franchisees and Affiliates are collectively referred to as investment advisers in The Mutual Fund Store® system.

The Research Center provides mutual fund and asset category and allocation recommendations and research on same, including economic data and analysis, to all registered investment advisers doing business as The Mutual Fund Store in their local geographic region, which includes all Franchisees and Affiliates and include TMFS Advisory Services, LLC. The Research Center commenced operation in 2006.

The Mutual Fund Research Center, LLC is 100% owned by The Mutual Fund Store, LLC. TMFS Holdings, LLC owns 100% of The Mutual Fund Store, LLC. Warburg Pincus Private Equity X, L.P. (Warburg Pincus), through intermediate entities, owns between 50% and 75% of TMFS Holdings, LLC. The remainder of TMFS Holdings, LLC is owned by various individuals and entities, none of which individually own 25% or more.

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### **Types of Advisory Services Offered**

The Research Center provides Franchisees and Affiliates, including TMFS Advisory Services, with asset allocation models and mutual funds for use in their clients' accounts. Under the direction of Adam Bold, the Chief Investment Officer of the Research Center and Stacey Schreft, Director of Investment Strategy, the Research Center distributes a "Select List" of recommended mutual funds and proprietary investment analysis to each Franchisee and Affiliate. The Research Center provides this uniform body of investment advice to all Franchisees and Affiliates through email, a weekly

conference call, written letters and phone calls. On the basis of the Research Center's non-discretionary investment advice, Franchisees and Affiliates provide independent discretionary investment advisory services to their clients, constructing investment portfolios for each client based upon each client's circumstances and needs. In addition, The Research Center provides templates of various asset allocation models for use by Franchisees and Affiliates. These templates include a range of asset allocation models from the most conservative to the most aggressive. Each Franchisee and Affiliate is responsible for evaluating and determining the proper asset allocation for a particular client and implementing an investment strategy for that client.

Various criteria are considered when selecting the mutual fund securities recommended by the Research Center. Those criteria may include:

- the fund's performance history;
- the industry sector in which the fund invests;
- the track record of the fund's manager;
- the fund's investment objectives;
- the fund's management style and philosophy;
- the fund's management fee structure; and,
- whether the fund is available for client purchase at the custodian designated by the client.

In addition, the Research Center produces and distributes a live radio show (the "Show") for broadcast in the Franchisees' and Affiliates' local markets (specific geographic region), which is sponsored by the Franchisees and Affiliates. The Show is not intended to provide investment advice to any caller but is intended to provide general information to callers to be used in independently evaluating investments or in consulting with an investment professional.

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## **Amount of Clients' Assets Managed**

The Research Center does not manage client assets but rather provides non-discretionary investment advisory services to Franchisees and Affiliates, including TMFS Advisory Services. As such, the Research Center does not have an *Amount of Clients' Assets Managed* to report in this section.

## **Fees and Compensation**

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### **Fees**

The Research Center does not manage client assets but rather provides non-discretionary investment advisory services to Franchisees and Affiliates, including TMFS Advisory Services.

The Mutual Fund Store, LLC (the Franchisor), pursuant to an agreement with each Franchisee and Affiliate, provides a range of services including back-office support, other administrative services, and the nondiscretionary investment advisory services provided by the Research Center. For Franchisees, there is an initial franchise fee and an aggregate royalty fee of up to 30% of the client revenue generated by the Franchisee. This fee is paid directly by the Franchisee and is not directly charged to clients.

All Franchisees and Affiliates in The Mutual Fund Store® system use the same fee schedule for the investment advisory services provided. Any franchise fee and royalty fee paid by a Franchisee to the Franchisor does not increase (or decrease) this standard fee schedule. Please contact The Mutual Fund Store nearest to you to see the fee schedule, or request a copy of its Form ADV, Part 2A.

The Research Center and The Mutual Fund Store, LLC (the Franchisor) receive a fee from Charles Schwab & Co., Inc. (Schwab) for certain services that both provide, either collectively, or separately, to clients of registered investment advisers doing business as The Mutual Fund Store, in their local market. More information about this fee is provided below (see *Benefits Received by the Research Center*).

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## **Termination of Agreement and Services**

The investment advisory agreement between the Research Center and each Franchisee and Affiliate, including TMFS Advisory Services, is terminable upon termination of the relationship between The Mutual Fund Store, LLC and each Franchisee or Affiliate. The investment advisory agreement can be amended by the Research Center upon notice to the Franchisee or Affiliate. If the Franchisee or Affiliate terminates the advisory contract, it will not be permitted thereafter to use the Mutual Fund Store brand name or the additional services provided by The Mutual Fund Store, LLC. See *Affiliations* for more information on Termination.

## **Performance-Based Fees**

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The Research Center does not assess nor does it collect performance-based fees for its non-discretionary investment advisory services.

Performance-based fees may contain the potential for conflicts of interest. For example, performance-based compensation could create an incentive for an adviser to recommend an investment which has a high degree of risk to the client, in the hope and belief that if the investment has a significant increase in value, the adviser will receive more fees than if a more appropriate, less risky investment was made.

## **Types of Clients**

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### **Description of Clients**

The Research Center provides mutual fund and asset category and allocation recommendations to Franchisees and Affiliates, including TMFS Advisory Services, which are registered investment advisory firms. These firms use the recommendations to provide discretionary investment advisory services to their clients, which are primarily individuals, trusts and retirement plans.

## **Methods of Analysis, Investment Strategies and Risk of Loss**

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### **Methods of Analysis**

The Research Center primarily recommends mutual fund securities representing various asset categories, for Franchisees and Affiliates, including TMFS Advisory Services, to create investment portfolios for their clients. The methods used to analyze those mutual funds and various asset classes include: charting of past performance in various economic and market conditions as well as both fundamental analysis and technical analysis.

The Research Center uses several commercially available software and database services or products to obtain information on mutual fund securities and the asset categories it believes will offer clients investment opportunities and diversification.

Primary sources of information include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the SEC, and company press releases.

Additionally, the Research Center accesses and uses Morningstar Principia software and database for reviewing mutual funds and the SunGard AllocationMaster software to identify and analyze asset allocation models, including existing and proposed allocations.

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### **Investment Strategy**

The Research Center primarily recommends mutual funds, representing various asset categories, to Franchisees and Affiliates, including TMFS Advisory Services, for use when providing their clients with asset management services. Franchisees and Affiliates provide their clients with two primary asset management services; the Standard service and the Retirement Paycheck® service. The recommendations for the Retirement Paycheck® service are provided to TMFS Advisory Services, which is the investment (sub)adviser for the Retirement Paycheck® service. Additionally,



for the Retirement Paycheck® service, fixed income investments are recommended, and may include highly rated bonds, FDIC insured certificates of deposit and U.S. government issued or guaranteed securities. The mutual funds recommended for both services are usually actively managed mutual funds.

While the Research Center may and can provide investment recommendations on other securities, including equity securities, U.S. government securities, corporate and municipal bonds and variable life insurance and annuities, its focus is on mutual funds.

Periodically, the Research Center may recommend Franchisees and Affiliates, including TMFS Advisory Services, rebalance portfolios or make asset category allocation revisions. To implement these recommendations, Franchisees, Affiliates and TMFS Advisory Services may purchase and sell mutual funds in their clients' accounts. Primary reasons for these recommendations are -

Rebalancing - increases or decreases in the value of one or more asset categories or mutual funds: When an asset category or mutual fund has experienced a material appreciation or decline in value, beyond the assigned percentage for that asset category or mutual fund and in comparison to other asset classes, the extra amount may be sold, and the proceeds invested in asset categories or mutual funds which have not appreciated as much, or have declined in percentage.

Asset allocation revisions - changes in recommended asset categories: Economic or market conditions may prompt the Research Center to revise its asset categories or the allocation to existing categories. When such occurs, Franchisees, Affiliates and TMFS Advisory Services may make, as appropriate for the client, any necessary changes to client's investment portfolio, to buy or sell mutual funds, to align the client portfolio with the Research Center's recommended asset allocation model.

These recommendations may occur two times per year, or more or less, depending on previous market activity and projected future activity. Additionally, recommendations may occur if the Research Center changes its recommendation or view on a specific mutual fund or asset category. If such occurs, a recommendation to purchase or sell the subject mutual fund or asset category may occur.

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## **Risk of Loss**

All investments - including mutual fund securities - have certain risks. These risks include the risk of loss. This is a risk borne by the client. The Research Center recommends that Franchisees and Affiliates, including TMFS Advisory Services, build clients' investment portfolios and manages clients' accounts primarily using mutual funds, representing various asset categories. This diversification is intended to reduce the volatility in clients' investment

portfolios when compared to a single asset category, such as large cap growth stocks or small cap value stocks. While a diversified investment portfolio, including a portfolio of mutual funds representing different asset category, can mitigate some risks, it does not and cannot prevent loss.

Below are some of the common factors, which can produce a loss in a client's account and/or in a specific mutual fund, asset category or even in all asset categories -

- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Price Volatility:** The price of a mutual fund's shares may fluctuate, even significantly, in a short term period of time.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Category or Style Risk:** During various periods of time, one category or style may underperform or outperform other categories and styles.
- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline, and the market value of any mutual fund holding those bonds.
- **Inflation Risk:** When any type of inflation is present, purchasing power may be eroding at the rate of inflation.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.

The recommendations by the Research Center, to TMFS Advisory Services, for the Income Protection component in the Retirement Paycheck® service will primarily focus on highly rated fixed income investments. Even with those ratings, such investments still have some risks as described above, including interest-rate, inflation and reinvestment risk.

## **Disciplinary Information**

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### **Disciplinary History**

The Research Center, its employees and officers have not been involved in disciplinary events related to its clients or to past or present investment activities.

This section of Form ADV requires investment advisers (the Research Center is a registered investment adviser) to disclose whether it or its employees and officers have been involved in disciplinary, legal or regulatory actions which include, among other things, findings or charges or convictions related to investment related rule violations.

Again, the Research Center, and its officers, managers and employees do not have any disciplinary or legal events to report.

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

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### **Financial Industry Activities**

The Research Center is not registered as, nor is it affiliated through any common ownership as, a securities broker-dealer, or a futures commission merchant, commodity pool operator or commodity trading advisor.

### **Affiliations**

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The Mutual Fund Research Center, LLC (the Research Center) is a wholly owned subsidiary of The Mutual Fund Store, LLC, which has granted franchise rights to independently-owned and -operated Mutual Fund Store franchises in cities across the United States (Franchisees). The Franchisees are investment advisers, registered with the SEC and/or appropriate states' securities regulatory authorities. The Mutual Fund Store, LLC also has affiliated investment advisers, which are company-owned and operated, as those share common owners with The Mutual Fund Store, LLC and also share common senior managers (Affiliates). The Affiliates are investment advisers and are registered with the SEC. The Franchisees and Affiliates are collectively referred to as investment advisers in The Mutual Fund Store® system.

The Research Center distributes non-discretionary investment recommendations and advice to all investment advisers in The Mutual Fund Store® system. The Research Center provides Franchisees and Affiliates with investment recommendations formulated by the Research Center's Chief Investment Officer, Adam Bold, in the form of the "Select List," various asset

allocation models and related services, such as market and economic research and data.

All Franchisees and Affiliates receive the same investment recommendations from the Research Center, and each Franchisee and Affiliate independently implements these investment recommendations on a discretionary basis for each of its clients, taking into account each client's circumstances and investment objectives.

The Research Center is 100% owned by The Mutual Fund Store, LLC. The Mutual Fund Store, LLC, which is the franchisor for The Mutual Fund Store® system, is 100% owned by TMFS Holdings, LLC, which owns the company-owned and -operated investment advisers (Affiliates) in The Mutual Fund Store® system. Warburg Pincus, through intermediate entities, is the majority owner of TMFS Holdings, LLC.

An agreement for non-discretionary investment advice and service exists between the Research Center and each Franchisee and Affiliate, including TMFS Advisory Services. Termination of that agreement could limit the ability of the impacted Franchisee or Affiliate to access new mutual fund and asset allocation recommendations provided by the Research Center. Upon request, the Research Center will provide a listing of occurrences that could result in the termination of the agreement.

Additional affiliations: Adam S. Bold, who has an ownership interest in the company-owned and -operated registered investment advisers doing business as The Mutual Fund Store, is a material owner of the SEC registered investment adviser Smart401k, LLC.

The officers and managers of the Research Center are also officers and managers of all the registered investment advisers doing business as The Mutual Fund Store, which are considered company-owned and operated (because Warburg Pincus is the primary owner of those investment advisers) as well as being officers and managers of TMFS Advisory Services. Additionally, Christopher Braudis and Jon Bentz, who are officers of the company-owned and operated Stores, are members of or have an ownership interest in various limited liability companies, which are investment advisers, doing business as The Mutual Fund Store in their respective markets. Those investment advisers are considered franchise-owned and operated Stores because they are franchisees of The Mutual Fund Store, LLC and neither Warburg Pincus nor Adam Bold is majority owner, nor even a material owner, and neither is an officer or manager of those Stores.

For more information on The Mutual Fund Store Franchisee or Affiliate serving you, please request and review its Form ADV, Part 2A.

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

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### **Code of Ethics**

The Research Center is committed to the highest standards of ethical conduct, business practices and legal compliance. Pursuant to requirements of Rule 204A-1 of the Investment Advisers Act of 1940, the Research Center has established a written Code of Ethics to meet those requirements and it maintains and enforces that Code. A copy of the Code of Ethics is available upon request

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### **Participation or Interest in Client Transactions**

The Research Center or individuals associated with the Research Center may buy or sell for their own accounts securities that are identical or similar to those they recommend to Franchisees and Affiliates. Related persons may also have an existing interest or position in a security that is recommended by the Research Center to Franchisees and Affiliates. As these situations represent the potential for a conflict of interests, the Research Center has established the following restrictions:

- A director, officer, or employee of the Research Center shall not buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment, unless the information also is available to the investing public on reasonable inquiry. No person of the Research Center shall prefer his or her own interest to that of the advisory clients or the clients of Franchisees and Affiliates.
- The Research Center maintains a list of all securities holdings for itself and associated persons having access to advisory recommendations. These holdings are reviewed on a regular basis by the Chief Compliance Officer or a designee.

The Research Center recommends mutual fund securities to Franchisees, Affiliates and TMFS Advisory Services, for their clients' investment portfolios. The Investment Advisers Act of 1940 contains requirements for monitoring securities transactions of the Research Center's employees and related persons. Mutual fund securities are not required to be monitored. Clients of Franchisees, Affiliates and TMFS Advisory Services should know that individuals associated with the Research Center, such as advisors, officers and employees, may buy or sell mutual fund securities in their personal accounts which are identical or similar to those mutual funds recommended to Franchisees, Affiliates and Advisors for use in their clients' investment portfolios. Advisors, officers or employees may also have an existing ownership interest or position in the mutual funds which are recommended to

clients. Advisors, officers or employees may also purchase, in their personal accounts, other securities, including mutual funds, which are not identical or similar to those purchased or recommended to Franchisees, Affiliates and TMFS Advisory Services, for their clients' investment portfolios.

Because most mutual funds are priced daily after the close of the New York Stock Exchange market, normally at 4:00 Eastern Time, and any order to purchase and sell those funds for that price date are only accepted prior to the price being computed, it is unlikely that any advisor, officer or employee transaction could or would impact the price, which is a primary reason the Investment Advisers Act of 1940 does not require monitoring of advisors, officers and employees trades in mutual fund securities. However, the Research Center's Chief Compliance Officer and/or designee does review all of the securities transactions, including mutual funds, which advisors, officers and employees make in their securities accounts at securities broker/dealers (e.g., Charles Schwab & Co., Inc.) to, among other things, evaluate whether such compete with the interests of clients. If such even appear to conflict with the interests of clients, corrective actions will be taken to cure and prevent recurrence.

In those instances where the Research Center recommends a security other than a mutual fund, the Chief Compliance Officer and/or designee will review those trades, in accordance with the Research Center's written Code of Ethics and as described above.

The Research Center's Code of Ethics sets forth standards of conduct that are expected of the Research Center's employees and addresses conflicts that arise from personal trading by employees. A copy of the Code will be provided upon request made to the Research Center's Chief Compliance Officer, Clifford Brandt, at 7301 College Boulevard, Overland Park, Kansas 66210

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## **Personal Trading**

The Chief Compliance Officer (CCO) of the Research Center is Clifford Brandt. He or another member of the Compliance staff quarterly reviews the Research Center's employees securities transactions which are required to be reviewed by the Investment Advisers Act of 1940. The CCO's securities transactions are reviewed by the president, Christopher Braudis. The personal trading reviews verify, among other items considered, that the personal trading of advisors, officers and employees does not affect the market(s) and those mutual fund securities recommended by the Research Center to Franchisees and Affiliates, including TMFS Advisory Services.

Because the securities recommended to customers are mutual funds, it is not likely that any advisor, officer or employee transaction in those same mutual funds will affect the pricing of those mutual funds.

## **Brokerage Practices**

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### **Recommending Brokerage Firms**

The Research Center does not manage client assets but rather provides non-discretionary investment advisory services to Franchisees and Affiliates, including TMFS Advisory Services, which are all registered investment advisers.

The Research Center does require that Franchisees and Affiliates, including TMFS Advisory Services, recommend that their clients use Charles Schwab & Co., Inc.

Franchisees and Affiliates, including TMFS Advisory Services, receive some benefits from this recommendation. The Research Center also benefits from this recommendation. See *Benefits Received by the Research Center* listed below for more information.

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### **Best Execution**

The Research Center does not manage client assets but rather provides non-discretionary investment advisory services to Franchisees and Affiliates, including TMFS Advisory Services, which are all registered investment advisers. The Research Center does not make securities trades in Franchisees and Affiliates clients' accounts. Franchisees and Affiliates, including TMFS Advisory Services, do effect securities transactions in their clients' accounts. Those clients should request and review the Form ADV, Part 2A for The Mutual Fund Store which provides them with investment advisory services, to understand the process for placing securities purchase and sales orders in clients' accounts.

Additionally, The Mutual Fund Store® system does perform an annual review of Schwab's custodial and trade execution services to verify the quality of those services and the fees paid by clients are comparable to similar custodians and brokerages.

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### **Benefits Received by the Research Center**

The Mutual Fund Store, LLC (TMFS) and The Mutual Fund Research Center, LLC (Research Center) have an agreement with Charles Schwab & Co., Inc. (Schwab) under which Schwab pays TMFS a fee equal to a fixed percentage of the total assets clients hold in non-retirement Schwab accounts invested in mutual funds that participate in the Schwab Mutual Fund OneSource® service (OneSource). Schwab pays this fee to TMFS whether your account is advised by a company owned registered investment advisor affiliated with The Mutual Fund Store, LLC or a registered investment advisor that has a franchise

agreement with The Mutual Fund Store, LLC (collectively, “TMFS RIAs”). Mutual funds that participate in OneSource pay Schwab for providing recordkeeping, shareholder and other administrative services to their shareholders. The OneSource service enables clients and their advisors to invest in over 2,000 mutual funds without paying loads, transaction fees or commissions and to hold shares in those mutual funds in their accounts at Schwab.

The fee is in recognition of certain services that TMFS and Research Center collectively or separately perform, such as: Client investment performance and fee reporting; preparation and mailing of statements (separate and apart from those provided by Schwab as account custodian); the provision and maintenance of software systems for tracking and reconciling client trades at Schwab; and the provision of information to TMFS RIAs and Clients regarding share prices, account balances, dividend amounts and payment dates.

Because TMFS receives an economic benefit, Research Center and TMFS RIAs have potential conflicts of interest in recommending to clients that they use Schwab as custodian and invest their assets in OneSource mutual funds and in effecting any discretionary transactions in OneSource Funds.

Schwab Advisor Services™ is Charles Schwab & Co., Inc.’s (Schwab) business area serving independent investment advisory firms like Franchisees and Affiliates in The Mutual Fund Store® system, as well as for TMFS Advisory Services. Schwab provides The Mutual Fund Store® system advisers with access to its institutional brokerage—trading, custody, reporting, and related services—many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help The Mutual Fund Store® system advisers manage or administer clients’ accounts; while others help manage and grow The Mutual Fund Store® system business. Because The Mutual Fund Store® system collectively manages more than \$10 million of clients’ assets in accounts at Schwab, the Schwab quarterly service fees of \$1,200 is not charged.

**Schwab Services That Benefit Clients in The Mutual Fund Store® system :** Schwab’s institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which The Mutual Fund Store® system might not otherwise have access or that would require a significantly higher minimum initial investment by its clients.

**Schwab Services That May Not Directly Benefit Clients in The Mutual Fund Store® system:** Schwab makes available to the Research Center, and Franchisees and Affiliates, other products and services that benefit us but may not directly benefit you as a client or your account. These products and services assist us in managing and administering clients’ accounts and include software and other technology that: provide access to client account data (such as duplicate trade confirmations and account statements);



facilitate trade execution in individual clients' accounts as well as aggregated trade orders for multiple client accounts; provide pricing and other market data; facilitate payment of fees from clients' account; and, assist with back-office functions, recordkeeping, and client reporting.

**Schwab Services That Generally Benefit Only the Research Center and Franchises and Affiliates:** Schwab offers other services intended to help us manage and further develop our business enterprise. These services include: software and information technology programming; educational conferences and events; consulting on technology, compliance, legal, and business needs; and, publications and conferences on practice management and business succession. Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits, such as occasional business entertainment of our personnel.

**The Research Center, Franchisees and Affiliates Interest in Schwab's Services:** The availability of these services from Schwab, especially the support for software and information technology programming, benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services so long as The Mutual Fund Store® system clients collectively keep a total of at least \$10 million of their assets in accounts at Schwab and because of the collective size of all clients' accounts doing business with all the investment advisers named The Mutual Fund Store, we do receive additional benefits of significance, as described above. Even with these benefits, we believe that the selection of Schwab as the recommended custodian and broker is in the best interests of clients in The Mutual Fund Store® system. Additionally, The Mutual Fund Store® system does perform an annual review of Schwab's custodial and trade execution services to verify the quality of those services and the fees paid by clients are comparable to similar custodians and brokerages.

The Mutual Fund Store® system does recommend clients use Schwab for custodial and brokerage services and Franchisees, Affiliates and the Research Center receive material benefits, as described above, from Schwab and you, the client, should be aware of these benefits.

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## **Order Aggregation**

The Research Center does not manage client assets but rather provides non-discretionary investment advisory services to Franchisees and Affiliates, including TMFS Advisory Services, which are all registered investment advisers. The Research Center does not make securities trades in Franchisees and Affiliates clients' accounts. Affiliates, Franchisees and TMFS Advisory Services do effect securities transactions in their clients' accounts.

Those clients should request and review the Form ADV, Part 2A for The Mutual Fund Store which provides them with investment advisory services, to understand the process for placing securities purchase and sales orders in clients' accounts.

## **Review of Accounts**

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### **Periodic Reviews**

The Research Center does not manage client assets but rather provides non-discretionary investment advisory services to Franchisees and Affiliates, including TMFS Advisory Services, which are all registered investment advisers.

The Research Center's personnel, under the direction of its Chief Investment Officer (CIO), Adam Bold, regularly review the potential universe of mutual funds to determine those that should be incorporated in the "Select List." Factors that the CIO considers for a mutual fund's inclusion on the Select List include the manager's track record, total assets within the fund, style criteria, adherence to discipline, asset allocation, and consistency of performance. Reviews are conducted semi-annually or more frequently as market conditions or certain situations dictate.

The mutual fund securities recommended by the Research Center are reviewed each business day by the Research Center personnel. The review considers the mutual funds performance to measurement standards utilized by the Research Center.

The asset allocation models recommended by the Research Center are reviewed quarterly or when significant changes to economic and market conditions have occurred or are occurring. These reviews are to consider whether changes to asset allocation model recommendations will occur, based on the Research Center's projections of significant economic and/or market changes which have occurred or may occur. Changes are made in response to shifts or expected shifts in the valuation and/or risk of the different types of assets.

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### **Regular Reports**

The Research Center distributes investment recommendations and information on its investment recommendations to Franchisees and Affiliates, including TMFS Advisory Services, on a regular, weekly basis. Any time-sensitive investment recommendations and information is distributed intra-weekly to all Franchisees/Affiliates.

## **Client Referrals and Other Compensation**

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### **Referrals**

The Research Center does not manage client assets but rather provides non-discretionary investment advisory services to Franchisees and Affiliates, including TMFS Advisory Services, which are all registered investment advisers. The Research Center does not compensate anyone for referrals.

### **Other Compensation**

We receive an economic benefit from Charles Schwab & Co., Inc. (Schwab) in the form of a fee Schwab pays to The Mutual Fund Store, LLC and The Mutual Fund Research Center, LLC for certain services that both provide, either collectively, or separately, to clients of registered investment advisers doing business as The Mutual Fund Store, in their local market. More information about this fee is provided above (see *Benefits Received by the Research Center*). We also receive an economic from Schwab in the form of the support products and services it makes available to investment advisers in The Mutual Fund Store® system, which are similar and/or the same as the support products and services it makes available to other independent investment advisers whose clients maintain their accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (see *Benefits Received by the Research Center*).

## **Custody**

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### **Account Statements from Custodian**

The Research Center does not manage client assets but rather provides non-discretionary investment advisory services to Franchisees, Affiliates and TMFS Advisory Services, which are all registered investment advisers. The Research Center requires Franchisees and Affiliates, including TMFS Advisory Services, to recommend Charles Schwab & Co., Inc. (Schwab) to clients, as broker and custodian. While there is no direct link between the investment advice provided by Franchisees and Affiliates and their recommendation to use Schwab, the Research Center, Franchisees and Affiliates receive economic benefits that they would not receive if they did not give investment advice to clients (see *Benefits Received by the Research Center*).

The Mutual Fund Store® system investment advisers' clients who maintain their securities accounts at Schwab will receive account statements directly

from Schwab, at least quarterly. These statements will be sent to the email or postal address client provided Schwab. Clients should carefully review these statements.

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## **Performance Reports from the Research Center**

The Research Center does not manage client assets but rather provides non-discretionary investment advisory services to Franchisees, Affiliates and TMFS Advisory Services, which are all registered investment advisers.

The Research Center does provide Franchisees, Affiliates and TMFS Advisory Services with weekly reports containing information on its mutual fund recommendations. It also provides information on a regular basis, e. g., monthly, quarterly and annually, on topics which include economic data, market research and asset category performance.

## **Investment Discretion**

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### **Discretionary Authority for Trading**

The Research Center does not manage client assets but rather provides non-discretionary investment advisory services to Franchisees and Affiliates, including TMFS Advisory Services. The Research Center does not make securities trades in Franchisees and Affiliates clients' accounts and does not use discretionary trading authority.

Franchisees and Affiliates will request discretionary trading authority in their clients' accounts, and will use that authority as appropriate and necessary.

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### **Limited Power(s) of Attorney**

The Mutual Fund Research Center does not manage client assets but rather provides non-discretionary investment advisory services to Franchisees and Affiliates, including TMFS Advisory Services.

Franchisee and Affiliate, including TMFS Advisory Services, clients who maintain their securities accounts at Charles Schwab & Co., Inc. are requested to complete a limited power of attorney form, provided by Schwab. This permits The Mutual Fund Store, LLC and its wholly owned subsidiary, the Research Center, and their personnel to access client's information to provide administrative services to client, such as performance statements, fee processing and other administrative and support functions issued on behalf of Franchisee and Affiliate. This also permits the Research Center to selectively review performance of clients' accounts holding mutual funds or asset allocation models recommended for use by the Research Center.

This limited power of attorney authorization is included in the Schwab account paperwork which clients of Franchisees and Affiliates complete when opening investment custody accounts at Schwab.

## **Voting Client Securities**

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### **Proxy Votes**

The Research Center does not vote proxies. However, as part of the non-discretionary investment advisory services it provides to Franchisees and Affiliates, the Research Center provides to Franchisees and Affiliates non-discretionary recommendations as to how to vote proxies. The Research Center will make a recommendation on all proxies received on mutual fund securities which are recommended by the Research Center. The Research Center will not make a recommendation on proxies received on mutual fund securities, nor any other securities, which are not recommended by the Research Center.

Franchisees and Affiliates bear the responsibility of voting proxies and are not required to follow the Research Center's recommendations. The Research Center will provide such non-discretionary proxy voting recommendations to Franchisees and Affiliates as it believes to be in the best interest of the Franchisees' and Affiliates' clients.

It is not anticipated that conflicts between the interests of the Research Center and Franchisees and Affiliates and the interests of their clients will occur. This is because mutual funds usually hold multiple securities and because the Research Center does not provide investment advisory services to any mutual fund security or investment company, nor does it have a financial or ownership interest in any investment adviser which offers or manages a mutual fund security. Additionally, neither the Research Center nor Franchisees nor Affiliates receive sales loads, fees or other compensation from recommending, or using, mutual funds in clients' accounts.

## **Financial Information**

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### **Financial Condition**

The Mutual Fund Research Center, LLC does not manage client assets but rather provides non-discretionary investment advisory services to Franchisees and Affiliates. It does not use discretionary trading authority and does not directly assess fees or other charges for its services.

As such, the Research Center does not have to report information in this section of the Form ADV, Part 2. Even though no reporting is required, the Research Center does not have any financial condition which would impair its ability to provide or continue to provide services to Franchisees and Affiliates.

## **Privacy Notice**

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The Mutual Fund Research Center does not manage client assets but rather provides non-discretionary investment advisory service to Franchisees and Affiliates, including TMFS Advisory Services. The Research Center has the same privacy policy as all Franchisees and Affiliates in The Mutual Fund Store® system. Here is the policy –

At The Mutual Fund Store, our commitment to protecting your privacy is of utmost importance to us. We value the trust you place in us and want you to understand what information we collect and how we protect and use it. We treat personal information—nonpublic data that identifies you—with respect and in accordance with our Privacy Policy. The information we collect about you generally falls into one of the following categories:

- Information, such as your address, Social Security Identification Number and investment objectives, which you provide on account applications and other forms; and
- Transactional information about your accounts, such as investment choices, account balances, and transaction history.

We use the information primarily to manage your investments. We may disclose personal information, as described above, to companies providing services to you on our behalf (e.g., The Mutual Fund Store, LLC; TMFS Advisory Services, LLC; The Mutual Fund Research Center®, LLC; and Charles Schwab & Co., Inc.), in the following types of situations:

- Providing administrative, customer assistance, clearing, operational, or other services;
- Preparing, printing, and delivering portfolio management performance reports, confirmation statements, and other documents;
- Executing securities transactions; or
- Maintaining or developing software for us.

In instances when The Mutual Fund Store must provide your personal information to a non-affiliated company, it is only as necessary to complete activities on your behalf or essential to our operation. Additionally, we require non-affiliated companies to contractually agree not to further disclose any personal customer information obtained from us. The Mutual Fund Store does not sell any personal information in any circumstance.

To further safeguard your personal information within our company, our policy allows access to information only by individuals and departments who must have it to service your account. We maintain physical, electronic, and procedural safeguards to protect this information and treat information from our former clients with the same care used for information from current clients.