

## **Item 1 - Cover Page**

### **Part 2A Appendix 1 of Form ADV Wrap Fee Program Brochure**

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This wrap fee program brochure provides information about the qualifications and business practices of Mac Adams Wealth Advisors, LLC. ("MWA"). If you have any questions about the contents of this brochure, please contact us at 214-273-3630 or email [jane@macfingroup.com](mailto:jane@macfingroup.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 MWA also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

References to "registered investment advisor" or any references to be "registered" does not imply a certain level of skill or training.

## **Item 2 - Material Changes**

On September 19, 2011, the United States Security and Exchange Commission (SEC) amended the Dodd-Frank Act. This amendment requires Registered Investment Advisors (RIAs) to meet the threshold of \$100,000,000 in assets under management to remain registered with the SEC. In compliance with the Dodd-Frank Act, Mac Adams Wealth Advisors has filed for registration with the Texas State Securities Board.

Other than applying for registration with the Texas State Securities Board, there have been no other material changes in our business.

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## **Item 4 – Services, Fees & Compensation**

### **Services**

MWA's primary services are estate and financial planning, investment portfolio management, asset management and asset protection for MWA's clients. To accomplish this MWA offers clients a range of consulting, financial planning, and investment management services.

MWA is the sponsor of the MWA Asset Management Program (AMP II), a wrap fee program. This program includes financial planning, consulting and investment management services. This brochure addresses this program.

### **Financial Planning**

Financial planning typically involves providing a variety of services to clients with regard to the management of their financial resources. The services provided are based upon an analysis of their individual needs.

Investment Advisor Representatives (IARs) of MWA will first conduct a complimentary initial consultation. After the initial consultation, if the client decides to engage MWA for financial planning services, an IAR will conduct a follow-up meeting during which pertinent information about the client's financial circumstances and objectives is collected. Once the information has been reviewed and analyzed, a written financial plan is produced and presented to the client. The primary objective of this process is to allow MWA to assist the client in developing a strategy for the successful management of their assets and liabilities, in order to meet the client's financial goals and objectives.

Financial plans are based on the client's particular financial situation at the time the plan is presented and is based on financial information disclosed by the client to MWA. Clients are advised that certain assumptions may be made with respect to interest and inflation rates. Past performance is not an indication of future performance. MWA cannot offer any guarantees or promises that the client's financial goals and objectives will be met. As the client's financial situation, goals, objectives, or needs change, the client must notify MWA promptly and the plan can be altered accordingly.

### **Personalized Service**

MWA uses the following strategy to customize advisory services to each client:

- Initial Interview - an initial interview is conducted with each client to determine the client's financial circumstances, goals, acceptable levels of risk, any reasonable restrictions on the management of their account, and other relevant circumstances;
- Individual Treatment - the client's account is managed on the basis of the client's financial circumstances and investment objectives;
- Consultations - an IAR of MWA, who is knowledgeable about the client's account, shall be reasonably available to consult with the client relative to the status and management of their account, on a regular basis.

## **Investment Discretion**

Clients may grant MWA discretionary trading authorization to buy, sell, or exchange investments held by and in the name of the client's account. The IAR may select, allocate, and exchange investments in the account among mutual funds, stocks, ETFs, money markets, and cash as determined by the IAR from time to time in accordance with an agreement. Such discretionary authorization will be limited to the above products, without generating any commission to the associates.

Neither MWA nor the client may assign the Agreement without the consent of the other party.

Additions may be in cash or securities provided that MWA reserves the right to liquidate any transferred securities, or decline to accept particular securities into a client's account. MWA may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, fees assessed at the mutual fund level (i.e., contingent deferred sales charge) and/or adverse tax ramifications.

MWA clients are advised to promptly notify MWA if there are ever any changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon MWA's management services.

## **Reports to Clients**

Financial Planning: clients will receive a updated financial plan on an as needed basis in connection with a review of the plan.

MWA Advisory Accounts: clients will receive monthly statements from the custodian. These statements will show total portfolio value, the securities holdings and activity in the account. Clients will also receive transaction confirmations, on all transactions in their account, on a trade-by-trade basis. Reports are also available on an ongoing basis through the custodian's compliance approved website. Clients can view transactions, distributions, and dividends paid.

Clients will also receive the following reports from the custodian:

- Notice of Transactions - the client shall receive notice of all transactions in their account as if they had maintained a similar account of the investment strategy;
- Quarterly Statement - the client shall be provided with a quarterly statement containing a description of all activity in their account;

MWA IARs offer an aggregate review at least once a year. On client request, client aggregate data can be issued on a monthly, quarterly, annually, or on an as needed basis.

The custodian provides copies of all statements to MWA.

## **Factors That Bear Upon Cost of Program**

Financial planning fees, consultation fees, transaction costs, and any annual custodial or maintenance fees are included in the Asset Management Program (AMP II) fee.

If these services were purchased separately and outside of the AMP program, clients would pay the initial financial planning fee ranging from \$500 to \$5,000, annual financial plan update fee ranging from \$250 to \$500, consultation fees ranging from \$50 to \$500 per hour, transaction costs ranging from \$9 to \$50, and any annual custodial or maintenance fees ranging from \$45 to \$135 per year.

### **Fees & Compensation**

AMP II is a wrap fee program. MWA and their IARs receive compensation as a result of the client's participation in the program. Fees range from 0.25% to 2.00%.

MWA, in its sole discretion, may negotiate a lesser management fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, pro bono activities, etc.).

In the event the client participates in the AMP II program, MWA shall provide its investment management services and arrange for brokerage transactions under a single annualized fee.

For participants in AMP II, MWA shall charge an annual fee based upon a percentage of the market value of the assets being managed by MWA. This includes all transaction fees which otherwise would be incurred by the client. **Participants in the Program may pay a higher aggregate fee than if the transactions had been placed in a brokerage account, in which they would incur transaction charges and commissions.**

In addition to the wrap fee, accounts may incur a deferred sales charge on funds initially transferred into new accounts. MWA IARs, in their fiduciary capacity, make every effort when selecting mutual funds to choose institutional share classes that do not incur 12(b)1 fees. However, there may be times when the best choice for the client may incur additional mutual fund expenses that are out of MWA's control. When purchasing individual bonds, there may be mark-ups or spreads paid to bond dealers that are out of MWA's control. MWA takes their fiduciary responsibility seriously and makes best efforts to find investments that do not incur additional costs for their clients.

### **Fee Payment**

MWA's agreement and/or the separate agreement with the custodian(s) may authorize MWA, through the custodian(s), to debit the client's account for the amount of their fee and to directly remit that management fee to MWA, in accordance with applicable custody rules. Upon request to MWA, clients may choose to be invoiced directly for their management fee. All quarterly fees are billed in advance.

### **Fee Calculation**

The management fee is calculated by multiplying the value of the assets in the account by the fee percentage, then dividing by 4.

Each quarter's fee shall be calculated on a pro rata basis. Based on market fluctuations, the quarterly fee will vary.

For the initial quarter of investment management services, the quarter's fee will be calculated on a pro rata basis. The Agreement between MWA and the client will continue in effect until terminated by either party, pursuant to the terms of the Agreement. MWA's annual fee shall be prorated through the date of termination and any remaining balance shall be charged or refunded to the client, as appropriate, in a timely manner.

The client may make additions to and withdrawals from the account at any time. If assets are deposited into an account after the inception of a quarter, the fee payable with respect to such assets will be prorated based on the number of days remaining in the quarter. Clients may withdraw account assets on notice to MWA, subject to the usual and customary securities settlement procedures. For partial withdrawals within a billing period, MWA will credit its unearned fee towards the next quarter's fee. However, MWA designs its portfolios as long-term investments and asset withdrawals may impair the achievement of the client's investment objectives.

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

MWA offers personalized investment advisory services to individuals, trusts, estates, charitable organizations, corporations and other business entities.

The AMP II program has a minimum account size of \$100,000 to open and maintain. Accounts falling below that level may be subject to termination. MWA reserves the right to refuse accounts below \$250,000 in size. MWA also reserves the right to accept accounts below the minimum account size, at the firm's discretion.

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

MWA does not limit investment advice to specific types of investments. The services provided by MWA in the AMP II program include financial planning and portfolio management. MWA has the ability to offer advisory services through other programs. If employed, those managers are evaluated on a quarterly basis by reviewing the account statements. This review is conducted to ensure the account is managed according to guidelines set forth by client's risk assessment, financial goals, and needs.

Clients are contacted for evaluations at least yearly for reviews of their portfolios. The methods of analysis and investment strategies vary according to each client.

AMP II clients have continual online access to their account performance through the custodian approved client website. Clients also have the ability to access their aggregate accounts through Albridge Wealth Reporting. In Albridge, clients can measure performance against various benchmarks available in the system, for example the S&P.

MWA does not advertise or report investment performance, therefore portfolio performance may not be calculated on a uniform or consistent basis.

### **Third-Party Managers (TPM)**

MWA shall consider recommending a TPM if the client's goals are better served by expertise outside of MWA. MWA may recommend a TPM if a client wants a portion of their portfolio to concentrate on a specific debt or equity instrument. Examples include, large bond portfolios, which require active management for duration and interest rate risk, or the client desires a managed futures or options portfolio.

MWA will perform due-diligence by screening for the best managers in particular assets classes. The factors considered include past performance, manager tenure, economic conditions, macro-economic conditions, manager accessibility, and cost. The client will then be presented with the managers who meet the outlined criteria.

The terms and conditions under which the client shall engage the TPM shall be set forth in separate written agreements between (1) the client and MWA, and (2) the client and the designated TPM and/or wrap fee program sponsor. MWA shall continue to render advisory services to the client relative to the ongoing monitoring and review of account performance, for which MWA shall receive an annual advisory fee, which is based upon a percentage of the market value of assets being managed by the designated TPM.

Clients will have continuous online access to their accounts.

MWA monitors manager performance through reviewing client accounts, consultations with managers or their representatives, reviewing research and/or White Papers affecting that manager's asset sector. Specific account return performance is measured by comparisons with other managers in the particular asset class, industry standard ratios, indices and benchmarks.

### **Methods of Analysis**

Security analysis methods include fundamental analysis, technical analysis, cyclical analysis, sector analysis and monitoring of economic conditions.

The main sources of information include Morningstar fundamental analysis, research materials prepared by others, financial statements, annual reports, prospectuses, filings with the Securities and Exchange Commission, inspection of corporate documents, company press releases, and financial newspapers and magazines,.

Other sources of information that MWA may use include LPL Financial Research, Investor's Intelligence, Value Line, and other websites found on the World Wide Web.

### **Investment Strategies**

The investment strategy for a specific client is based upon the goals and objectives identified by the client during consultations. The client may change these goals and objectives at any time. Each client meets with an IAR to formulate a financial plan, which documents their goals, investments, and strategies.



Other strategies may include long-term purchases, short-term purchases, trading, short sales and hedging using ETF products, margin transactions, income and principal protection annuities, alternative investments, and option writing (including covered options, uncovered options or spreading strategies).

### **Risk of Loss**

All investment programs have certain risks that are borne by the investor. Our investment approach focuses on the risk management, however the following list outlines the risks that investors should consider:

- **Interest-rate Risk:** Fluctuations in interest rates may cause portfolio values to fluctuate. For example, as interest rates rise, yields on existing bonds often become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may decline due to reactions to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying conditions. For example, political, economic, and social conditions may trigger a wide range of market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar will in the future. Purchasing power is eroded at the rate of inflation.
- **Currency Risk:** International investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **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.
- **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, before they can generate a profit. They carry a higher risk of profitability than an electric company. A utility company generates income from a steady stream of customers who buy electricity regardless of economic conditions.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are liquid if traders are interested in purchasing the product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its debt obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

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

On the MWA Investor Fact Finding Questionnaire or Investment Policy Statement, the client will provide their financial circumstances, investment objectives and any special instructions or limits they wish MWA to follow in managing their account(s).

The client also agrees to provide MWA with any additional information that MWA may request from time to time to assist in the management of account(s). Also, the client must notify MWA

promptly of any significant change in their circumstances. This would include any change that might affect the way account(s) should be managed, such as significant changes in financial situation or investment objective.

### **Client Information: Privacy Principles**

MWA's clients have access to a broad range of products and services. To deliver these products and services effectively and as conveniently as possible, it is essential that MWA use technology to manage and maintain certain client information.

MWA wants to ensure all of their clients that whenever information is used, it is done with discretion. The safeguarding of client information is an issue taken seriously at MWA. To affirm their continuing commitment to the proper use of client information, they have set forth the following Privacy Principles. It is these Privacy Principles that guide MWA in serving the privacy needs of our clients.

1. **Recognition of Client's Expectation of Privacy:** MWA believes the confidentiality and protection of client information is one of their fundamental responsibilities. While information is critical to providing quality service, MWA recognizes that one of the most important assets is client trust. Thus, safekeeping of customer information is a priority for MWA;
2. **Use, Collection, and Retention of Client Information:** MWA limits the use, collection, and retention of client information to what they believe is necessary in order to provide quality service, products, and other opportunities that may be in the best interest their clients. Information collected may include, but is not limited to name, address, telephone number, tax identification number, date of birth, employment status, annual income, and net worth;
3. **Maintenance of Accurate Information:** MWA recognizes that it must maintain accurate client records. Therefore, MWA has established procedures to maintain the accuracy of customer information and to keep such information current and complete. These procedures include responding to request to correct inaccurate information in a timely manner;
4. **Limiting Employee Access to Information:** At MWA, employee access to personally identifiable client information is limited to those with a business reason to know such information. Employees are educated on the importance of maintaining the confidentiality of client information and on these Privacy Principles. Because of the importance of these issues, all MWA employees are responsible for maintaining the confidentiality of client information; employees who violate these Privacy Principles will be subject to disciplinary measures;
5. **Protection of Information via Established Security Procedures:** MWA recognizes that a fundamental element of maintaining effective client privacy procedures is to provide reasonable protection against the unauthorized access of customer information. Therefore, MWA has established appropriate security standards and procedures to guard against any unauthorized access to customer information;
6. **Restrictions on Disclosure of Client Information:** When it comes to sharing customer information with unaffiliated companies, MWA places strict limits on who receives

specific information about customer accounts and other personally identifiable data. MWA may share information with such companies if they provide a product or service that may benefit their clients. Whenever this is done, MWA carefully reviews the company and the product or service to make sure that it provides value to their clients. MWA shares the minimum amount of information necessary for that company to offer its product or service. MWA may also share information with unaffiliated companies that assist in providing products and services to their clients; in the normal course of business (for example, with client reporting agencies and government agencies); when legally required or permitted in connection with fraud investigations and litigation; in connection with acquisitions and sales; and at the request or with the permission of a client;

7. **Maintaining Client Privacy in Business Relationships with Third Parties:** If MWA provides personally identifiable client information to a third party with which they have a business relationship, MWA will insist that the third party keep such information confidential, consistent with the conduct of the business relationship.

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

Client contact with MWA's AMP II portfolio managers is not restricted. On site manager meetings will be conducted by appointment.

Contact with any third party managers is encouraged but may be logistically limited. Every effort will be made by MWA to facilitate a client request to meet with outside managers.

## **Additional Information**

### **Item 9 -Disciplinary Actions**

MWA has no disciplinary events to disclose.

## **Item 10 - Other Financial Industry Activities & Affiliations**

### **Registered Representative of LPL Financial**

Certain MWA IARs are registered representatives of LPL Financial, a FINRA member broker-dealer. Clients can choose to engage IARs in their individual capacities as registered representatives of LPL Financial, to effect securities brokerage transactions on a commission basis.

### **Licensed Insurance Agents**

Certain MWA IARs are, in their individual capacities, licensed insurance agents, and may recommend the purchase of certain insurance-related products on a commission basis.

### **Conflict of Interest**

The recommendation by MWA IARs that a client purchase securities or insurance commission products presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend investment products based on compensation received.

Clients are under no obligation to purchase commission products from the IARs.

Clients are reminded that they may purchase securities or insurance products recommended by the IAR through other, non-affiliated insurance agents or broker-dealers.

MWA's Chief Compliance Officer, Jane Mac Adams, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.

## **Item 11 - Code of Ethics, Participation or Interest in Client Transactions & Personal Trading**

### **Description of Code of Ethics**

MWA has adopted a Code of Ethics, the full text of which is available to clients upon request. MWA has several goals in adopting the Code. First, MWA desires to comply with all applicable laws and regulations governing its practice. Next, the management of MWA has determined to set forth guidelines for professional standards, under which all associated persons of MWA are to conduct themselves. MWA has set high standards, the intention of which is to protect client's interests at all times and to demonstrate its commitment to its fiduciary duties of honesty, good faith, and fair dealing with clients. All associated persons are expected to strictly adhere to these guidelines, as well as the procedures for approval and reporting established in the Code of Ethics, primarily related to personal securities transactions, and violations of the Code. This serves to educate associated persons regarding appropriate activities. MWA has instituted, as a deterrent, a policy of disciplinary actions to be taken with respect to any associated person who violates the Code.

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

Associated persons, in their function as registered representatives and insurance agents, will effect securities transactions through LPL. If an advisory client implements recommendations made by the associated person by purchasing securities or other products through LPL, the associated person will receive additional compensation in the form of commissions, including 12(b)-1 fees for the sale of investment company products. At times, MWA and/or its associated persons may take positions in the same securities as clients, and in all such cases will seek to avoid conflicts with clients.

### **Personal Trading**

In accordance with its fiduciary responsibilities to its clients, MWA and/or its associated persons will generally be "last in" and "last out" for any trading that occurs in securities that are not exempt from federal reporting - e.g., mutual funds and direct obligations of the U.S. Government.

## **Item 12 - Review of Accounts**

IARs of MWA review client portfolios on a continuous basis by monitoring security positions held in client accounts under MWA's supervision. This is done to ensure that positions held in the account(s) continue to meet the client's goals and objectives.

Client accounts are monitored on a continuous basis by the IAR, with a formal review conducted at least annually. Triggering factors for additional reviews or rebalancing include, but are not limited to, changes in individual security positions, economic factors that may influence a particular sector or security, and large deposits and/or withdrawals from the account.

### **Supervision & Monitoring**

Jane Mac Adams, CCO, monitors client accounts quarterly and may also conduct reviews. Triggering factors that stimulate additional review of an account include, but are not limited to, changes in economic conditions, known changes in the client's financial situation, changes to the models used to construct client portfolios and large deposits and/or withdrawals from the account.

IARs are encouraged to check advisory fees for accuracy. MWA's CCO also conducts accuracy checks on a quarterly basis. This process involves calculating the fee the client was supposed to be charged, based on quarterly account values, and comparing this number to actual advisory fees deducted from client accounts. Any inaccurate or overcharged advisory fees are refunded to the clients account.

## **Item 13 -Client Referrals & Other Compensation**

MWA does not pay or receive any compensation for client referrals.

## **Item 14 - Financial Information**

MWA does not solicit fees of more than \$1,200, per client, six months or more in advance.

MWA is not aware of any financial condition that is likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.

MWA has not been the subject of a bankruptcy petition.