

**Part 2A of Form ADV: *Firm Brochure***

**M Financial Asset Management, Inc.**

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This brochure provides information about the qualifications and business practices of M Financial Asset Management, Inc. (“M Wealth”). If you have any questions about the contents of this brochure, please contact us at 503.414.7686 or shannon.hartwell@mfin.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 M Wealth also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. M Wealth's CRD number is 136694.

As a client of M Wealth, you should be receiving statements and confirmations from the custodian where your account is held. If you are not receiving this documentation, please contact Shannon Hartwell, Chief Compliance Officer at 503.414.7686 or shannon.hartwell@mfin.com.

## **Item 2 -- Material Changes**

There have been no material changes to our operations since our last annual filing of this Brochure.

We will provide you with a new brochure as necessary based upon changes or new information, at any time, without charge.

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## Item 4 -- Advisory Business

M Financial Asset Management, Inc. (“we,” “us,” “our,” or “M Wealth”) is a U.S. Securities and Exchange Commission (“SEC”) -registered investment adviser with its principal place of business located in Portland, Oregon.<sup>1</sup> M Wealth began conducting business as an investment advisory firm in 2006. We are a wholly-owned subsidiary of M Financial Holdings Incorporated d/b/a M Financial Group.

M Financial Group and its subsidiaries provide a variety of support services to a nationwide network of approximately 130 Member Firms. Member Firms (other than M Benefit Solutions, a Member Firm wholly owned by M Financial Group) are independently owned and managed financial services firms, and are not agents of M Financial Group. M Financial Group is wholly owned by the network of Member Firms and principals of Member Firms.

### PORTFOLIO MANAGEMENT SERVICES

M Wealth provides ongoing investment supervisory and management services with respect to clients’ accounts (“Portfolio Management Services”).

Mutual fund shares and exchange traded funds (“ETFs”) are the most common type of securities used by M Wealth to construct portfolios. In addition to these types of securities we also occasionally use stocks and bonds and we may consider the use of warrants, municipal securities and United States governmental securities to build portfolios. Because some types of investments involve certain additional degrees of risk, they will only be selected/recommended when consistent with the client's stated investment objectives, tolerance for risk and liquidity needs.

Portfolio Management Services may be provided to individuals, trusts, estates, retirement plans (including 401(k) plan sponsors) and charitable organizations that are:

- sourced by investment advisors (“Advisors”) pursuant to a sub-advisory agreement between M Wealth and the Advisor, or;
- sourced directly by M Wealth through personal discussions, or;
- referred to M Wealth by an individual or entity pursuant to a solicitor’s agreement between M Wealth and that individual or entity.

Your Advisor will assist you in identifying and establishing financial goals as well as determining your risk tolerance in order to help develop an investment strategy and allocate your portfolio (“Portfolio”). M Wealth will select the specific securities or other investments to be purchased and sold in the Portfolio based upon these objectives and financial goals (*e.g.*, maximum capital appreciation, growth, income, security of principal, etc.) and risk tolerance preferences.

On occasion, M Wealth will hire and fire separate account investment managers (each, an “Investment Manager”) to manage all, or a portion of the Portfolio.

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<sup>1</sup> Please note that registration as an Investment Adviser does not imply a certain level of skill or training.

M Wealth will allocate a client's assets among various investments and/or Investment Managers, taking into consideration the overall management style decided upon by the client and M Wealth for each specific financial goal. Mutual funds and ETFs are selected on the basis of any or all of the following criteria: 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; and the fund's management fee structure.

Portfolio weighting in specific securities and market sectors will be determined based on a client's individual needs and circumstances. M Wealth will analyze and consider the placement of investments into a client's taxable and tax-deferred accounts to seek to maximize after-tax returns.

You will have the opportunity to place reasonable restrictions on the types of investments that will be made on your behalf. You will retain individual ownership of all securities in the Portfolio, including any securities managed by an Investment Manager.

#### M Wealth as a Sub-advisor

M Wealth may provide Portfolio Management Services to clients of Advisors pursuant to a sub-advisory agreement between M Wealth and the Advisor. As the sub-advisor, M Wealth will provide discretionary investment management of all or a portion of the Portfolio; however, the Advisor will retain direct contact with, and provide investment advice to, you. We offer detailed performance reporting on quarterly basis to the Advisor.

#### M Wealth as a Direct Portfolio Manager

In some cases, M Wealth will work directly with a client as investment advisor. For these clients, we determine financial goals and objectives in order to develop an investment strategy to create and manage a Portfolio. The services described above are otherwise the same. Fees for this service are negotiable.

### **ASSETS UNDER MANAGEMENT**

As of December 31, 2012, M Wealth manages \$\_\_\_\_\_ of client assets on a discretionary basis and no assets on a non-discretionary basis.

### **Item 5 -- Fees and Compensation**

#### **SUB-ADVISORY AND DIRECT INVESTMENT MANAGEMENT SERVICES**

##### M Wealth as Sub-advisor

The advisory fee charged to the client by the Advisor includes fees charged by M Wealth and the Advisor for their respective services. Advisory fees will be assessed against the client's account in arrears after the end of each calendar quarter based upon the value (adjusted, on a pro-rata basis, for any cash flows greater than \$100,000 during the quarter) of the client's Portfolio at the end of the previous quarter. Assets in all accounts owned by a single household (for example, two spouses with minor children) will be aggregated for purposes of calculating the market value during the quarter. The portfolio management fees listed below represent our current maximum charges.

The fees noted below are directly debited from your account. In rare cases, upon your request and with our approval, we may send you an invoice for advisory services provided.

#### M Wealth & Advisor Portfolio Management Fees

<b>Your Account Balance</b>	<b>Maximum Portfolio Management Fee</b>
First \$2,000,000	1.43%
Next \$3,000,000	1.30 %
Next \$5, 000,000	1.20%
Over \$10,000,000	1.15%

#### M Wealth as Direct Portfolio Manager

Fees for this service are negotiable directly with M Wealth. The fees for investment advisory services when we act as a direct portfolio manager are subject to the same fee table above as when we act as a sub-advisor. However, because the advisory fees are retained by us and are not shared with an Advisor when we act as a direct portfolio manager, the fees often are less.

#### **General Information on Fees**

##### Separate Account Investment Manager Fees

An Investment Manager's fees are in addition to M Wealth's portfolio management fees set forth in the table above and will be disclosed to you through the Investment Manager's Part 2A of Form ADV.

##### Mutual Fund/ETF Fees

All fees paid to M Wealth for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These product fees and expenses are described in each fund's prospectus. In no case should the investment advisory representative receive any commissions from these products.

A client could invest in a mutual fund or ETF or another security directly, without our services. In that case, the client would not receive the services we provide, which are designed, among other things, to assist the client in determining which mutual funds, ETFs or other securities are appropriate, given the client's financial condition and investment objective. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

##### Additional Fees and Expenses

In addition to our advisory fees, you are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer resulting from transactions initiated by us for your account. Transaction fees for trading, IRA fees, inactivity fees and other charges from or by your custodian are not covered by the portfolio

management fee detailed below. For more information about such fees, please consult directly with your custodian. Transaction fee schedules associated with your account are available upon request.

Please refer to the "Brokerage Practices" section (Item 12) of this brochure for additional information.

#### Liquidation of Client Securities If Insufficient Cash is Available to Pay Advisory Fees

Payment of fees may result in the liquidation of your securities if there is insufficient cash in the account. Liquidation of securities may result in additional taxes to you for which you are solely responsible.

#### Changes in Fee Structure

Changes in fee structure or the manner in which fees are calculated will be implemented 30 days after M Wealth provides written notice to you.

#### Advisory Fees

Clients should note that similar advisory services may (or may not) be available from other investment advisers for similar or lower fees. Please be sure to compare the services and costs of M Wealth programs against other investment advisory programs.

#### Account Minimums in General

The minimum amount to establish and maintain an account with M Wealth for the services described in this brochure is generally \$1,000,000. Assets in all accounts owned by a single household (for example, two spouses with minor children) will be aggregated for purposes of reaching the minimum account size. At the discretion of M Wealth, accounts that wish to receive enhanced in-depth reporting may have higher account minimums. 401(k) Plan clients may have lower account minimums.

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

M Wealth does not charge fees based on the capital appreciation within your portfolio.

### **Item 7 -- Types of Clients**

M Wealth provides advisory services to individuals, charitable organizations, corporations, retirement plans (including 401(k) Plans) and trusts.

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

#### **INVESTMENT STRATEGIES AND METHODS OF ANALYSIS**

In general, we seek to build diversified investment portfolios in consideration of our clients' time horizon, risk tolerance, liquidity requirements, and other investment constraints. Our investment process uses broad diversification, systematic portfolio risk management and regular rebalancing to maintain the client's investment objectives. The main sources of information are databases with historical securities price information, research materials prepared by others, corporate rating services,

annual reports, mutual fund prospectuses and data, financial newspapers and magazines, filings with the Securities and Exchange Commission, and corporate press releases.

While M Wealth provides the Advisor with recommendations on allocations and investment strategies, the Advisor is responsible for determining whether any particular investment strategy is suitable to use with a particular client.

Rather than focusing primarily on individual securities selection, we attempt to identify an appropriate ratio of equity securities, fixed income securities, and cash suitable to a client's investment goals and risk tolerance. We will allocate a client's assets among various investments (mutual funds, ETFs, individual positions and/or Investment Managers) taking into consideration the overall management style decided upon by the client and the Advisor/M Wealth.

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 equity, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals. That is one of the reasons why our investment process utilizes regular rebalancing.

#### Mutual Fund and/or ETF Analysis

We look at the experience, management philosophy and performance record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to perform in line with our expectations over a period of time. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy. Additionally, we analyze the fund's management fee structure.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, 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, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk if a security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

#### Investment Manager Analysis

On occasion, we use outside Investment Managers who purchase and sell individual security positions for client accounts. We examine the experience, expertise, investment philosophies, and past performance of independent third-party investment managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the manager's underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment. Additionally, as part of our due-diligence process, we survey the manager's compliance and business enterprise risks.

A risk of investing with a third-party manager who has been successful in the past is that he/she may not be able to replicate that success in the future. In addition, as we do not control the underlying



investments in a third-party manager's portfolio, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. In addition, different Investment Managers may purchase the same security, increasing the risk if a security were to fall in value. 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.

### Risk of Loss - General

All investing involves a risk of loss and the accounts managed by M Wealth could lose money over short or even long periods. There is no guarantee that the investment objectives of the client will be achieved. Performance could be negatively affected by a number of different market risks including, but not limited to, the risk that the investment techniques used by M Wealth or other investment managers may not produce the desired results. This could cause accounts to decline in value. In addition, M Wealth may rely on information that turns out to be inaccurate. M Wealth selects investments based, in part, on information provided by various research providers and other sources. M Wealth is not always able to confirm the completeness or accuracy of such information, and in some cases, complete and accurate information is not available. Incorrect or incomplete information increases risk and can result in losses. Additionally, some strategies used by M Wealth are high risk and are not intended for all types of clients. Clients who choose to have their assets managed in accordance with high-risk strategies should be aware that there is the possibility of significant losses, including the possibility of loss of all assets managed via such strategies. It is strongly recommended that clients diversify their investments and do not place all of their investments in high-risk investment strategies.

Particular strategies may be subject to liquidity risk – the risk that a particular investment may be difficult to purchase or sell or that the client maybe unable to sell illiquid securities at an advantageous time or price or achieve his, her or its desired level of exposure to a certain sector.

Finally, tactical and dynamic investment strategies involve more frequent trading than traditional “buy-and-hold” investment strategies. Although not used regularly by M Wealth, such trading can increase transaction costs and create more short-term tax gains than clients may be used to seeing in other types of strategies.

### Potential Risks of Investing Using Mutual Funds and ETFs

Mutual funds and ETFs are subject to the risks of the securities in which they invest. The following types of risks may significantly affect the performance of your investment portfolio:

- *Equity Risk:* Strategies that invest in equities involve the risk that the value of equity securities, such as common stocks and preferred stocks, may decline due to general market conditions which are not specifically related to a particular company or to factors affecting a particular industry or industries. Equity securities generally have greater price volatility than fixed income securities.
- *Foreign Securities Risk:* Strategies that invest in international securities involve special additional risks, including: currency risk; political risk; risks associated with varying accounting standards; and the risk that adverse legal, political, or economic developments, as well as

international trade, trade barriers, and exchange controls may adversely affect the securities of companies located in such countries. Investing in emerging markets may accentuate these risks.

- *Small Cap Risk:* Strategies that invest in small capitalized companies involve risks, including relatively low trading volumes, a greater degree of change in earnings, and greater short-term volatility. Smaller companies typically have a higher risk of failure and are not as well established as larger blue-chip companies.
- *Value Risk:* Strategies that invest in value stocks can perform differently from the market as a whole and from other types of stocks and can be more volatile than other types of stocks.
- *High Yield Risk:* Strategies that invest in high-yield bond strategies invest in lower-rated debt securities (commonly referred to as junk bonds) and involve additional risks because of the lower credit quality of the securities in the portfolio. Clients should be aware of the possible higher level of volatility and increased risk of default.
- *TIPS Risk:* Strategies that invest in Treasury Inflation Protected Securities (TIPS) involve risks, including risk of loss in periods when “real” interest rates (current interest rate minus inflation rate) change substantially.<sup>2</sup>
- *Concentration Risk:* Strategies that invest in concentrated, non-diversified or sector strategies invest more of their assets in a few holdings involve additional risks, including share price fluctuations, because of the increased concentration of investments. The lack of industry diversification subjects the client to increased industry-specific risks.
- *Municipal Risk:* Municipal investment strategies can be affected by adverse tax, legislative or political changes and the financial condition of issuers of municipal securities.
- *Real Estate Risk:* Strategies that invest in Real Estate Investment Trusts (“REITs”) or real estate-linked derivative instruments may subject a client to risks similar to those associated with direct ownership of real estate, including losses from casualty or condemnation, and changes in local and general economic conditions, supply and demand, interest rates, zoning laws, regulatory limitations on rents, property taxes and operating expenses.
- *Fixed Income Risk:* Strategies that invest in fixed income securities are subject to the risk that clients may lose all or some of their principal investment if the issuer or guarantor of a fixed income security, or the counterparty to a derivative contract, is unable or unwilling to meet its financial obligations. Additionally, clients are subject to the risk that the value of the underlying securities will decline because of an increase in interest rates; a fund with longer than average bond maturity dates will be more sensitive to changes in interest rates than a fund with shorter bond maturity dates.

## Item 9 -- Disciplinary Information

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<sup>2</sup> TIPS are bonds issued by the U.S. Treasury that have a fixed rate of interest and principal that adjusts according to changes in the Consumer Price Index (CPI).

Neither M Wealth, nor our management personnel have any reportable disciplinary events to disclose.

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

### M Holdings Securities, Inc. (“M Securities”)

Certain personnel of M Wealth are separately licensed as registered representatives of M Securities. M Securities is wholly owned by our parent company, M Financial Group, and is registered as an investment adviser and as a broker-dealer. M Wealth may recommend that clients use the brokerage services of M Securities. An incentive, and therefore a potential conflict of interest, exists when M Wealth offers the brokerage services of M Securities since many of our Advisers and their private agencies have an ownership stake in M Financial Group. No commission is collected by M Wealth personnel with respect to their investment advisory activities conducted on behalf of M Wealth as a result of their affiliation with M Securities.

As required, our affiliated investment advisers are specifically disclosed in Section 7.A. on Schedule D of Form ADV, Part 1. (Part 1 of our Form ADV can be accessed by following the directions provided on the cover page of this brochure.)

### M Financial Investment Advisers, Inc. (“MFIA”)

MFIA is also wholly-owned by M Financial Group and it serves as the investment adviser to the M Fund, Inc. (“M Funds”). The M Funds are mutual funds that underlie sub-accounts available only through the purchase of variable life insurance policies offered for distribution through M Financial’s network of Member Firms.

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

M Wealth has adopted a Code of Ethics, which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws. M Wealth and our personnel 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 to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the regular review of securities transactions reports as well as initial and annual securities holdings reports that must be submitted by M Wealth’s access persons. Our code provides for oversight, enforcement and recordkeeping provisions. M Wealth Code of Ethics further includes a 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.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our internal supervisory procedures and Compliance audit and sampling procedures are designed to detect potential breaches of conduct by our employees. Employee trading is monitored under the Code of Ethics to reasonably prevent conflicts of interest between us and our clients. Employees may never

enter orders ahead of client orders. Additionally, our employees are not allowed to trade IPOs for their own accounts.

Employees may not purchase or sell any security in which they have beneficial ownership unless they have complied with the Code's Personal Security Transaction Policy. Employees may buy and sell for their own account mutual funds and ETFs (and other securities) that are purchased for clients. However, such conflicts are handled by the virtue of the fact that employees are prohibited from (i) entering a personal order to buy or sell a security if they have knowledge of a client's un-executed market order to buy or sell the same security, and (ii) trading ahead of a client's limit order. Finally, M Wealth strictly forbids front-running client accounts, which generally involves placing personal trades ahead of imminent client trades. As noted, compliance with these prohibitions is monitored and employees' personal securities transactions are reviewed.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to [shannon.hartwell@mfin.com](mailto:shannon.hartwell@mfin.com), or by calling us at 503.414.7686.

## **Item 12 -- Brokerage Practices**

Clients may choose where they would like to custody their accounts, so long as M Wealth may be given trading access and information to their account by the chosen custodian. Clients are required to complete custodial applications allowing us access to their accounts so that we may monitor and receive information. Clients must provide the custodian with their written authorization allowing us discretionary authority to trade and withdraw fees. Clients may change or amend these limitations with the custodian directly. Currently, M Wealth client accounts are maintained at Schwab or Pershing.

### M Securities

When M Securities serves as the Advisor to a client, M Wealth generally will direct securities trades to M Securities for execution. A conflict of interest exists because of the affiliation between M Wealth and M Securities resulting from their common parent, M Financial. However, efficiencies and other benefits also arise in that scenario because M Securities already serves as the client's Advisor.

Another conflict of interest arises because M Securities refers investment advisory clients to M Wealth. This creates an incentive for M Wealth to select M Securities based on its interest in receiving client referrals, rather than on clients' interest in receiving most favorable execution.

### Pershing, LLC ("Pershing")

We have access, without charge, to Pershing's software and website, which provides access to client account records and facilitates the execution and review of client transactions.

### Charles Schwab & Co., Inc. ("Schwab")

Schwab generally is utilized as the broker-dealer when a firm other than M Securities serves as the Advisor to the client. Schwab provides M Wealth with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a

total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Schwab.

Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment. Schwab generally does not charge separately for custody services, but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab.

M Wealth does not receive commissions or marketing fees from Schwab, however depending upon the product selected and the pricing structure provided, Schwab may receive commissions or asset-based fees. Schwab also makes available to M Wealth other products and services that benefit M Wealth, but may not directly benefit our clients' accounts. Many of these products and services may be used to service all or some substantial number of our client accounts, including accounts not maintained at Schwab.

Schwab and Pershing's products and services that assist us in managing and administering our clients' accounts include software and other technology that provide access to client account data (such as trade confirmations and account statements); facilitate trade execution and allocate aggregated trade orders for multiple client accounts; facilitate trade execution and allocate aggregated traded orders for multiple client accounts; provide research pricing research; pricing and other market data; facilitate payment of our fees from client accounts; assist with back office functions, record keeping and client reporting; publications and conferences on practice management and business succession.

Schwab and Pershing may also provide other benefits such as educational events or occasional business entertainment of our personnel.

When M Wealth uses client brokerage commissions (or markups or markdowns) to obtain research or other products or services, M Wealth receives a benefit because we do not have to produce or pay for the research, products or services. This may create an incentive to select or recommend a broker-dealer based on our interest in receiving the research or other products or services, rather than on clients' interest in receiving most favorable execution. We may cause clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for non-execution benefits (a practice known as "paying-up").

### Brokerage Allocation

In evaluating whether to recommend that clients custody their assets at Schwab or Pershing, we may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors we consider and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab and Pershing, which creates a conflict of interest.

M Wealth will comply with its fiduciary duty to seek best execution of client transactions and consider other relevant factors concerning a broker, such as:

- The brokers facilities, reliability, expertise, level of back office support and financial condition;

- The brokers ability to effect transactions, particularly with regard to such aspects as timing, order size and ability to obtain best execution;
- Research and related brokerage services provided to M Wealth, although an individual client may not be the beneficiary of these services; and
- Any other factors the applicant may consider to be relevant including a client's request to use a particular broker-dealer.

### **Aggregation of Trades**

M Wealth will aggregate or "block" trades where possible and when advantageous to clients. This aggregation of trades permits the trading of aggregate blocks of securities for multiple client accounts. It is possible that no savings in transaction costs may be realized by clients involved in a given aggregate trade. Aggregate trading may allow us to execute equity and fixed income trades in a timelier, more equitable manner, at an average share price.

If the aggregate order is not completely filled, the securities purchased or sold during close shall be allocated among the participating accounts on a pro-rata basis. In the case where a strict pro-rata allocation would result in fractional equity or fixed income share for an account, an account will be chosen at random by the employee entering the trade to receive less than the pro-rata allocation. A record of each account chosen at random will be maintained to ensure that no account is systematically disadvantaged over time.

### **Item 13 -- Review of Accounts**

Customized portfolios constructed by M Wealth for clients are reviewed quarterly, or more often, by a vice president with support from various employees, and are rebalanced at least twice a year. Should M Wealth receive notification that your financial situation, risk tolerance or objectives have changed we will review the account to determine if changes in your portfolio are necessary. General reviews of portfolios involve evaluation of asset allocation, weightings of investments, security selection and the quality and performance of individual investments held in the accounts.

Prior to execution, each transaction is reviewed for accuracy and suitability; post-execution, all transactions are cross-checked by a separate employee for accuracy. In addition, M Wealth's President periodically reviews a sample of purchase transactions in accounts to determine if the activity is in line with M Wealth's investment strategy.

We provide quarterly performance reports to Advisors (in cases where we act as a sub-advisor) or directly to clients (in cases where we have a direct portfolio management relationship).

### **Item 14 -- Client Referrals and Other Compensation**

Although not common, M Wealth may receive client referrals and pay referral fees to independent third parties ("Solicitors") for introducing clients to us. The Solicitor will assist the client with completing documentation to assist us in determining appropriate investment advisory services. Factors considered in making this determination include account size, risk tolerance and investment experience.

Whenever we pay a referral fee, we require the Solicitor to provide the prospective client with a copy of this document and a separate disclosure statement that includes (i) the Solicitor's name and relationship with M Wealth; (ii) the fact that the Solicitor is being paid a referral fee, and the amount of the fee; and (iii) whether the fee paid to us by the client will be above our normal fees in order to compensate the Solicitor.

As a matter of practice, the advisory fees paid to us by clients referred by Solicitors are not increased as a result of any referral. The Solicitor does not provide advice on securities to you when participating in this arrangement.

Solicitors referring accounts to M Wealth are normally associated with M Financial Group, our parent company in some capacity (*e.g.*, M Securities serves as a Solicitor). As such, they have an interest in recommending M Wealth over other firms. We invite you to view the disclosure document of our parent company, M Financial Group. This disclosure document details the various ways that M Financial and its affiliated companies may receive compensation and it may be viewed at [www.mfin.com/DisclosureStatement.htm](http://www.mfin.com/DisclosureStatement.htm).

## **Item 15 -- Custody**

We previously disclosed in the "Fees and Compensation" section (Item 5) of this brochure that M Wealth directly debits advisory fees from client accounts. Please note that M Wealth does not have the ability to withdraw funds from your account for any reason other than the collection of advisory fees or have custody of your account.

As part of this billing process, your custodian is advised of the amount of the fee to be deducted from your account. Because the custodian does not calculate the amount of the fee to be deducted, it is important for you to carefully review their custodial statements to verify the accuracy of the calculation, among other things. On at least a quarterly basis, the custodian is required to send you a statement showing all transactions within the account during the reporting period. You should contact us directly if you believe there is an error on your statement.

In addition to the periodic statements you receive directly from your custodian, you may receive performance statements we prepare, either from your Advisor or from M Wealth directly. These statements are not intended to serve as a replacement for the custodian's statement. We urge you to carefully compare the information provided on these statements to the account statements from your custodian to ensure that all account transactions, holdings and values are correct and current.

## **Item 16 -- Investment Discretion**

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission. Our discretionary authority includes the ability to (i) determine the security to buy or sell; and/or (ii) determine the amount of the security to buy or sell.

Clients give us discretionary authority when they sign our client agreement that provides M Wealth with specific authorization to trade accounts on your behalf without obtaining approval for each transaction preformed on your behalf. Additionally you will complete custodial paperwork that



provides us with specific authorization to trade your account. You may limit this authority by giving us written instructions and you may also change/amend such limitations by providing us with written instructions.

### **Item 17 -- Voting Client Securities**

As a matter of policy, M Wealth does not vote proxies on your behalf. Proxy information should be forwarded to the client by the custodian and the client retains the responsibility for voting the proxies.

### **Item 18 -- Financial Information**

We are required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. M Wealth has no additional financial circumstances to report and has not been the subject of a bankruptcy petition.