



**Item 1 – Cover Page**

**M C Byrd Wealth Management, LLC**

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**(979) 865-0660**

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

**[www.the401kshop.com](http://www.the401kshop.com)**

**February 2015**

Form ADV, Part 2; our “Disclosure Brochure” or “Brochure” as required by the United States Securities and Exchange Commission is a very important document between Clients (“you”, “your”) and M C Byrd Wealth Management, LLC (“M C Byrd”, “Adviser”, “the Firm”, “us”, “we”, “our”). M C Byrd’s IARD firm number is 151070.

This Brochure provides information about our qualifications and business practices. If you have any questions about the contents of this brochure, please contact us at (979) 865-0660. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

We are a state registered investment adviser. Our registration as an Investment Adviser does not imply any level of skill or training. Additional information about M C Byrd also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) (click on the link, select "Investment Adviser Search" and type in our firm name). The results will provide you with both Parts 1 and 2 of our Form ADV.

## Item 2 – Material Changes

The only material change to report since the last filing of our Form ADV Part 2 or “Disclosure Brochure” dated October 2014 is the Firm is now eligible for SEC registration. This document was developed in response to new requirements adopted and imposed by the SEC.

1. In future filings, this section of the Disclosure Brochure will address only those “material changes” that have been incorporated since our last delivery or posting of this document on the SEC’s public disclosure website (IAPD) at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).
2. We may, at any time, update this Disclosure Brochure and send to you an updated copy including a summary of material changes, or a summary of material changes that includes an offer to send you a copy [either by electronic means (email) or in hard copy form].
3. If you would like another copy of this Disclosure Brochure, please download it from the SEC website as indicated above or you may contact our Chief Compliance Officer, Monte C. Byrd at (979) 865-0660 or via email at [monte@mcbyrdwealth.com](mailto:monte@mcbyrdwealth.com).

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## Item 4 – Advisory Business

M C Byrd is a Limited Liability Company formed under the laws of the State of Texas since July 30, 2009. We have been registered with Securities and Exchange Commission, and notice filed with the Texas Securities Board and the Louisiana Commissioner of Financial Institutions since September 30, 2009 until August 6, 2012. We transitioned our registration from a federally registered investment adviser to a state registered investment adviser with the Texas Securities Board and the Louisiana Commissioner of Financial Institutions on June 27, 2012. We have filed our application to transition our registration from a state registered investment adviser to a federally registered investment adviser with the SEC, and notice file with the Texas Securities Board and the Louisiana Commissioner of Financial Institutions, in order to provide the investment advisory products and services described within this document. M C Byrd is 51% owned by Monte C. Byrd and 49% owned by Cathy J. Byrd.

As of January 21, 2014, we have 488 clients with \$95,100,922 of assets under management managed on a discretionary basis and \$89,846,943 managed on a non-discretionary basis.

M C Byrd offers investment advisory services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations and foundations. This Disclosure Brochure provides clients with information regarding M C Byrd and the qualifications, business practices, and nature of advisory services that should be considered before becoming an advisory client of the Firm.

Please contact Monte C. Byrd, Chief Compliance Officer, if you have any questions about this Brochure. Additional information about M C Byrd is available on the Internet 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. The CRD number for M C Byrd is 151070.

Individuals associated with us will provide our investment advisory services. These individuals are appropriately licensed and qualified to provide advisory services on our behalf. Such individuals are known as Investment Advisor Representatives (“IARs”).

Below is a description of the investment advisory and financial planning services we offer, including, but not limited to, our basic fee schedules; a description of how fees are charged, whether fees are negotiable, when compensation is payable, refund policies and other applicable information. For more detail on any product or service please reference the advisory agreement, wrap brochure (if applicable) or speak with your Monte C. Byrd or your IAR.

## **DESCRIPTION OF SERVICES PROVIDED**

M C Byrd will emphasize continuous personal client contact and interaction in providing discretionary or non-discretionary investment supervisory services. Further, Adviser will work with its clients to identify their investment goals and objectives as well as risk tolerance in order to create an initial portfolio allocation designed to complement their clients' goals and objectives. Advisor may create a portfolio, consisting of individual stocks or bonds; electronically traded funds; no-load funds and/or load-waived funds (front-end commissions will not be charged).

Investment strategies may include long term buy and hold, and short-term trading. Each portfolio will be initially designed to meet particular investment goals. Advisor has determined that this portfolio is suitable to the client's goals, objectives, circumstances, and risk tolerance. Each client will have the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio. Advisor's strategy, generally, will be to seek to meet client investment objectives while providing clients with access to personal advisory services on at least a quarterly basis, or more often, depending upon prior agreement.

### ***Portfolio Management Services Under Third Party Advisory Services***

#### **LPL Financial Sponsored Advisory Programs**

M C Byrd may provide advisory services through certain programs sponsored by LPL Financial ("LPL"), a registered investment advisor and broker-dealer. Below is a brief description of each LPL advisory program available to M C Byrd. For more information regarding the LPL programs, including more information on the advisory services and fees that apply, the types of investments available in the programs and the potential conflicts of interest presented by the programs please see the LPL Financial Corporation's Form ADV Part 2A (disclosure brochure) or the applicable program's Form ADV Part 2A, Appendix 1 (wrap fee brochure), as applicable, and the applicable client agreement.

#### **Advisory Services**

##### **Optimum Market Portfolios Program (OMP)**

OMP offers clients the ability to participate in a professionally managed asset allocation program using Optimum Funds Class I shares. Under OMP, client will authorize LPL on a discretionary basis to purchase and sell Optimum Funds pursuant to investment objectives chosen by the client. Advisor will assist the client in determining the suitability of OMP for the client and assist the client in setting an appropriate investment objective.

Advisor will have discretion to select a mutual fund asset allocation portfolio designed by LPL consistent with the client's investment objective. LPL will have discretion to purchase and sell Optimum Funds pursuant to the portfolio selected for the client. LPL will also have authority to rebalance the account.

A minimum investment of \$15,000 is required for OMP.

### **Personal Wealth Portfolios Program (PWP)**

PWP offers clients an asset management account using asset allocation model portfolios designed by LPL. Advisor will have discretion for selecting the asset allocation model portfolio based on client's investment objective. Advisor will also have discretion for selecting third party money managers (PWP Advisors) or mutual funds within each asset class of the model portfolio. LPL will act as the overlay portfolio manager on all PWP accounts and will be authorized to purchase and sell on a discretionary basis mutual funds and equity and fixed income securities.

A minimum account value of \$250,000 is required for PWP.

### **Model Wealth Portfolios Program (MWP)**

MWP offers clients a professionally managed mutual fund asset allocation program. M C Byrd will obtain the necessary financial data from the client, assist the client in determining the suitability of the MWP program and assist the client in setting an appropriate investment objective. The Advisor will initiate the steps necessary to open an MWP account and have discretion to select a model portfolio designed by LPL's Research Department consistent with the client's stated investment objective. LPL's Research Department is responsible for selecting the mutual funds within a model portfolio and for making changes to the mutual funds selected.

The client will authorize LPL to act on a discretionary basis to purchase and sell mutual funds, including in certain circumstances exchange traded funds and to liquidate previously purchased securities. The client will also authorize LPL to effect rebalancing for MWP accounts.

In the future, the MWP program may make available model portfolios designed by strategists other than LPL's Research Department. If such models are made available, Advisor will have discretion to choose among the available models designed by LPL and outside strategists.

A minimum account value of \$100,000 is required for MWP.

## **Manager Access Select Program (MAS)**

Manager Access Select provides clients access to the investment advisory services of professional portfolio management firms for the individual management of client accounts. Advisor will assist client in identifying a third party portfolio manager (Portfolio Manager) from a list of Portfolio Managers made available by LPL. The Portfolio Manager manages client's assets on a discretionary basis. Advisor will provide initial and ongoing assistance regarding the Portfolio Manager selection process.

A minimum account value of \$100,000 for equity strategies and \$250,000 for fixed income strategies are required for Manager Access Select, however, in certain instances, the minimum account size may be lower or higher.

## **Potential Conflicts of Interest**

Transactions in LPL advisory program accounts are generally effected through LPL as the executing broker-dealer.

Advisor receives compensation as a result of a client's participation in an LPL program. Depending on, among other things, the size of the account, changes in its value over time, the ability to negotiate fees or commissions, and the number of transactions, the amount of this compensation may be more or less than what the Advisor would receive if the client participated in other programs, whether through LPL or another sponsor, or paid separately for investment advice, brokerage and other services.

## ***Referral to Third Party Asset Manager Services***

Advisor may recommend to clients other Third Party Asset Managers, where one of the third party money managers will design an investment portfolio and provide ongoing corresponding investment management services on a fee-only basis for a percentage of assets, not to annually exceed 2.0% of asset under management.

## ***Financial Planning and Financial Consulting Services***

M C Byrd will typically provide a variety of financial planning services, pursuant to a written Agreement, to individuals, families and other clients regarding the management of their financial resources based upon an analysis of client's current situation, goals, and objectives. Generally, such financial planning services will involve preparing a financial plan or rendering a financial consultation for clients based on the client's financial goals and objectives. This planning or consulting may encompass one or more of the following areas: investment planning, retirement planning, estate planning, charitable planning, education planning, and business planning.



The plan developed for or financial consultation rendered to the client will usually include general recommendations for a course of activity or specific actions to be taken by the clients. Plans or consultations are typically completed within six (6) months of contract date, assuming all information and documents requested are provided promptly.

M C Byrd's financial planning services involve appraisal of a client's financial situation, including an analysis of his or her entire financial planning needs and investment portfolio. The information provided by a client is examined in relation to the long and short-term investment objectives expressed by the client, client needs perceived by M C Byrd, market conditions and general economic conditions. The advice includes specific recommendations regarding long and short term financial planning and recommendations regarding the retention or disposition of the client's securities and other investments. This service also includes at least one written report and one or more meetings with the client to discuss the status of the client's financial situation and M C Byrd's specific recommendations.

Services are limited to six months of advice. Services beyond six months are available by separate agreement.

Because each client's financial situation and goals change, clients are encouraged by M C Byrd to have their financial situation reexamined periodically. Clients may wish to have follow-up reviews and analyses performed by M C Byrd after receiving the firm's six month initial financial planning services. Such follow-up reviews are performed, and reports provided, as frequently as the client and M C Byrd agree.

Clients that do not wish to have a full financial plan but wish to have just their investments reviewed by M C Byrd may do so by electing the firm's initial asset monitoring services. These services are designed to provide an overview of the client's investable assets and to meet with the client during the six months following the date of the agreement to discuss the investments and the changes that M C Byrd believes are appropriate. A written report is provided as part of the service.

After the initial six months asset monitoring services are provided, clients may choose to have their assets monitored periodically by M C Byrd with regular reports being sent to the client. Such services include periodic reviews of the account and meetings with the client to discuss the investments.

Prior to engaging M C Byrd to provide financial planning or consulting services, clients will generally be required to enter into a Financial Planning and Consulting Agreement with M C Byrd setting forth the terms and conditions of the engagement, describing the scope of the services to be provided, and the portion of the fee that is due from the

client prior to M C Byrd commencing services. If requested by the client, M C Byrd may recommend the services of other professionals for implementation purposes; including M C Byrd's IARs in their separate individual licensed capacities as registered representatives of LPL and/or licensed insurance agents (See disclosure on Item 10). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from M C Byrd. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify M C Byrd if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising the Advisor's previous recommendations and/or services.

### ***401k Pension Consulting Services***

401k Pension Consulting consists of assisting employer plan sponsors establish, monitoring and reviewing their company's participant-directed retirement plan. As the needs of the plan sponsor dictate, areas of advising could include: investment options, plan structure, participant education. Advisor will use a DBA name, The 401K Shop, as it relates to its 401k business.

All 401(k) planning services shall be in compliance with the applicable State law(s) regulating the services provided by this Agreement. This section applies to an account that is a pension or other employee benefit plan (a "Plan") governed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). If the account is part of a Plan and we accept appointments to provide M C Byrd's services to such account, M C Byrd acknowledges that it is a fiduciary within the meaning of Section 3(21) of ERISA (but only with respect to the provision of services described in section 1 of this agreement). Client represents that (i) M C Byrd's appointment and services are consistent with the Plan documents, (ii) Client has furnished M C Byrd true and complete copies of all documents establishing and governing the Plan and evidencing your authority to retain M C Byrd. Client further represents that he/she/it will promptly furnish M C Byrd with any amendments to the Plan, and client agrees that, if any amendment affects our rights or obligations, such amendment will be binding on M C Byrd only with our prior written consent. If the account contains only a part of the assets of the Plan, client understands that M C Byrd will have no responsibilities for the diversification of all the Plan's investments, and M C Byrd will have no duty, responsibility or liability for the assets that are not in the account. If ERISA or other applicable law requires bonding with respect to the assets in the account, client will obtain and maintain at his/her/its expense bonding that satisfies this requirement and covers M C Byrd and any of our affiliates.

***403b Plan Services***

M C Byrd has entered into an arrangement with Pentegra, a 403b custodian that offers 403b plans to the Texas Collegiate School System. M C Byrd offers clients an asset management account in which M C Byrd directs and manages assets for clients.

## Item 5 – Fees and Compensation

Fees charged are negotiable and will not exceed 2%. Such fee is in excess of the industry norm and that similar advisory services can be obtained for less.

The fee for investment management will be based on the ending value of the account on the last day of the previous quarter and is payable quarterly in advance. The first advisory fee is based on the value of the account on the first day of management by M C Byrd and is payable within one month after execution of the agreement. The first advisory fee will be assessed on pro-rata basis taking into account the time for which the account was not managed by M C Byrd and the time left in the quarter.

Fees are negotiable. The client's fees will take into account the aggregate number of portfolios under management with the Advisor. Both the Advisor's Investment Advisory Agreement and the custodial/clearing agreement may authorize the custodian, LPL, to debit the account for the amount of the Advisor's investment advisory fee and to directly remit that management fee to the Advisor in compliance with regulatory procedures. Clients will be provided with a quarterly statement from account custodian reflecting deduction of the advisory fee.

LPL serves as the broker-dealer/custodian for client investment management assets. Broker-dealers such as LPL charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). In addition to the Advisor's investment management fee, brokerage commissions and/or transaction fees, the client will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses). The brokerage commissions and/or transaction fees charged by LPL may be higher or lower than those charged by other broker-dealers/custodians.

Clients will incur transaction charges imposed by unaffiliated third parties. The client may pay custodial fees, charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses), wire transfer fees and other fees and taxes on brokerage accounts and securities transactions.

Either party may terminate the agreement at any time by providing written notice to the other party. Full refunds will only be made in cases where cancellation occurs within five (5) business days of signing the Advisor's investment advisory agreement. After five (5)

business days, clients will receive pro-rata refund, which take into account work completed by the Advisor on behalf of the client. The client will incur charges for bona fide advisory services rendered to the point of termination excluding administrative fees, account set-up fees, and minimum quarterly fees and such fees will be due and payable by the client. Refunds will be given on a pro-rata basis.

The Advisor provides the Form ADV Part 2 to clients and prospective clients not less than 48 hours prior to entering into an advisory contract. In the event the disclosure brochure is not delivered until entry into the contract, the client may terminate the contract without penalty within five (5) business days after entering into the contract.

### **Fees for LPL Advisory Programs**

The account fee charged to the client for each LPL advisory program is negotiable and payable quarterly in advance.

LPL serves as program sponsor, investment advisor and broker-dealer for the LPL advisory programs. M C Byrd and LPL may share in the account fee and other fees associated with program accounts. Associated persons of Advisor may also be registered representatives of LPL.

### **Fees for Referral to Third Party Asset Manager Services**

Third party asset manager services are provided on a fee-only basis for a percentage of assets, not to annually exceed 2.0% of asset under management.

The third party money managers' annual investment advisory fee shall be pro-rated and paid quarterly, in advance or arrears. The percentage (%) portion of the fee shall be based upon the market value of the assets on the last day of the previous quarter. These third party money managers may in their sole discretion, charge a lesser annual advisory fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, type of services required, account composition, negotiations with client, etc).

Prior to Advisor referring clients to third party money managers for investment management services, the client will be required to sign a Solicitation Disclosure Statement setting forth the percentage of the client's overall advisory fee to be paid to Advisor, that they understand Advisor is being paid a fee to refer the client to third party money managers and whether the client's fee will be increased as a result of the solicitation fee paid to Advisor.

## **Fees for Financial Planning and Financial Consulting Services**

Advisor offers financial planning services on an hourly basis for \$250 per hour, which may be negotiable depending on the nature and complexity of each client's circumstances. An estimate for total hours will be determined at the start of the advisory relationship.

The Advisor's fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. However, the Advisor shall not receive any portion of these commissions, fees, and costs. The hourly fees are determined after considering many factors, such as the level and scope of the services.

The Advisor may also charge a negotiable fixed fee of \$1,000 for a financial plan, which is dependent upon the level and scope of these services. One half of the total estimated fixed and hourly fees are due and payable at the time the client's agreement is executed, the remainder of the fees are due upon presentation of a plan or the rendering of consulting services. Financial plans will be presented to the clients within six (6) months of the contract date, provided that all information needed to prepare the financial plan has been promptly provided by the clients.

As stated previously, the hourly rate is \$250 per hour. In the event that a client should cancel the financial planning agreement under which any plan is being created, the client shall be billed for actual hours logged on the planning project times the agreed upon hourly rate. Any surplus in the Advisor's possession as the result of collecting a deposit at the time of signing the financial planning agreement will be returned to the client within five (5) business days of cancellation.

Either party may terminate the agreement at any time by providing written notice to the other party within five (5) days of signing the Advisor's financial planning agreement. The client will incur charges for bona fide advisory services rendered to the point of termination excluding administrative fees, account set-up fees, and any minimum fees and such fees will be due and payable by the client. Refunds will be given on a pro-rata basis.

## **FEE SCHEDULE: 401k Pension Consulting Services**

### **Assets under Management Annual Advisory Fee**

Any Assets    Maximum 1.00%

The fee for investment management will be based on the ending value of the account on the last day of the previous quarter and is payable quarterly in advance or in arrears.

The first advisory fee is based on the value of the account on the first day of management by M. C Byrd and is payable within one month after execution of the agreement. The first advisory fee will be assessed on pro-rata basis taking into account the time for which the account was not managed by M C Byrd and the time left in the quarter.

However, the fee for investment management will be payable monthly in advance or in arrears and will be based on the ending value of the account on the last day of the previous month. The first advisory fee is based on the value of the account on the first day of management by M. C Byrd and is payable within one month after execution of the agreement. The first advisory fee will be assessed on pro-rata basis taking into account the time for which the account was not managed by M C Byrd and the time left in the month.

A fiduciary review is available at minimum fixed fee of \$1,000 or an hourly rate of \$250. The fixed and hourly fees are negotiable.

Fees will be automatically deducted from the account. Clients will be provided with a quarterly statement reflecting deduction of the advisory fee as well as an advance invoice from M C Byrd (sent to the custodian simultaneously) detailing the amount and calculation of the advisory fee.

#### **403b Plan Services**

Fees charged are negotiable and will not exceed 2%. As custodian, Pentegra will automatically deduct the fees from the client's account and issue a check to M C Byrd for advisory services provided.

In addition to M C Byrd's advisory fee, the client may also incur certain charges imposed by unaffiliated third parties. Such charges include, but are not limited to, custodial fees, brokerage commissions, transaction fees, charges imposed directly by a mutual fund, index fund, or exchange traded fund purchased for the account which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses), wire transfer fees and other fees and taxes on brokerage accounts and securities transactions.

Either party may terminate the agreement at any time by providing written notice to the other party within five (5) days of signing the Advisor's agreement. The client will incur charges for bona fide advisory services rendered to the point of termination excluding administrative fees, account set-up fees, and minimum quarterly fees and such fees will be due and payable by the client. Refunds will be given on a pro-rata basis.

## **ADDITIONAL INFORMATION CONCERNING FEES**

In certain circumstances, advisory fees and account minimums may be negotiable based upon prior relationships as well as related account holdings. The fees charged are calculated as described above and are not charged on the basis of a share of capital gains or capital appreciation of the funds or any portion of the funds of an advisory client.

All fees paid to the Advisor for investment advisory services are separate from the fees and expenses charged by mutual funds and exchange traded funds to their shareholders. These fees and expenses are described in each fund's prospectus. Such fees will generally include a management fee, other fund expenses and a possible distribution fee.

A client could invest in a mutual fund directly, without the services of the Advisor. In that case, the client would not receive the services provided by the Advisor which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to the client's financial condition, goals, and objectives. Accordingly, the clients should review both the fees charged by the funds and the fees charged by the Advisor to fully understand the total amount of fees to be paid by the clients and to thereby evaluate the advisory services being provided.

Advisory recommendations are based on the client's financial situation at the time the services are provided and are based on financial information disclosed by the client to the Advisor. Clients are advised that certain assumptions may be made with respect to interest and inflation rates and the use of past trends and performance of the market and economy. Past performance is in no way an indication of future performance. As the client's financial situation, goals, objectives, or needs change, the client must notify M C Byrd promptly.

Advisor shall never have custody of any client funds or securities, as the services of LPL, a qualified and independent custodian will be used for these asset management services.

The fees charged are calculated as described above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds, or any portion of the funds of an advisory client (15 U.S.C. §80b-5(a)(1)).

Advice offered by the Advisor may involve investments in stocks, ETF's, hedge funds, private equities, managed futures, master limited partnerships, and some mutual funds. Clients are hereby advised that all fees paid to the Advisor for investment advisory services are separate and distinct from the fees and expenses charged by stocks,



ETF's, hedge funds, private equities, managed futures, and some mutual funds (described in each fund's prospectus) to their shareholders. These fees may include, but are not limited to, a management fee, upfront sales charges, and other fund expenses. The client should review all fees charged by money market funds, Advisor, and others to fully understand the total amount of fees to be paid by the client.

Upon client's written authorization, fees will be automatically deducted from the account. Clients will be provided with a quarterly statement from the account custodian reflecting deduction of the advisory fee.

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

We do not charge advisory fees on a share of the capital gains or capital appreciation of the funds or securities in a client account (so-called performance based fees). Our compensation structure is disclosed in detail in Item 5 above.

## **Item 7 – Types of Clients**

We provide investment advisory services to individuals, pension and profit sharing plans, and trusts, estates, charitable organizations and foundations.

The Manager Access Network account requires a minimum account size which varies by Portfolio Manager but is typically \$100,000 for equity strategies and \$250,000 for fixed income strategies.

The minimum initial investment for Optimum Market Portfolio account (OMP) is \$15,000.

The minimum account size of \$250,000 is required for the Personal Wealth Portfolio account (PWP).

The Model Wealth Portfolio's minimum account size is \$100,000.

The minimum account size for the Manager Access Select is \$100,000 for equity strategies and \$250,000 for fixed income strategies.

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

As described in Item 4 above, our investment strategies may include long term buy and hold, and short-term trading. Each portfolio will be initially designed to meet particular investment goals. Advisor has determined that a portfolio is suitable to the client's goals, objectives, circumstances, and risk tolerance. Each client will have the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio. Advisor's strategy, generally, will be to seek to meet client investment objectives while providing clients with access to personal advisory services on at least a quarterly basis, or more often, depending upon prior agreement.

In determining the investment advice to give to you, we may utilize charting to determine trends and project future values. In a fundamental analysis, we analyze the financial statements and health of a business, its management and competitive advantages, and its competitors and markets but usually focusing on growth or value (or sometimes a combination of both) to determine if such security meets the clients' needs and objectives. We will take into consideration when making investment decisions the stages of the business during a given point in time. We may also perform a security analysis discipline, known as a technical analysis, in forecasting the direction of prices through the study of past market data, primarily price and volume.

There are inherent risks involved for each investment strategy or method of analysis we use and the particular type of security we recommend. Investing in securities involves risk of loss which you should be prepared to bear.

## **Item 9 – Disciplinary Information**

We do not have any legal, financial or other “disciplinary” item to report. We are obligated to disclose any disciplinary event that would be material to you when evaluating us to initiate a Client / Adviser relationship, or to continue a Client / Adviser relationship with us.

## Item 10 – Other Financial Industry Activities and Affiliations

Neither M C Byrd nor any of our management persons are registered, or have an application pending to register as a futures commission merchant, commodity pool operator, commodity trading advisor or as an associated person (or registered representative) of the foregoing entities.

In addition, neither M C Byrd nor any of our management persons have relationship or any arrangement that is material to our advisory business or to our clients that M C Byrd or any of our management persons have with any related person that is, under common control and ownership, a:

- Broker-dealer, municipal securities dealer, or government securities dealer or broker,
- Investment Company or other pooled investment vehicle,
- Other investment adviser or financial planner,
- Futures commission merchant (or commodity pool operator or commodity trading advisor),
- Banking or thrift institution,
- Accountant or accounting firm,
- Lawyer or law firm,
- Insurance company or agency,
- Pension consultant,
- Real estate broker or dealer, or
- Sponsor or syndicator of limited partnerships.

Certain Associated persons of the Advisor are registered representatives of LPL. These individuals may suggest that clients implement recommendations through LPL. If the client chooses to do so, this would present a conflict of interest to the extent that registered representatives could receive commissions as registered representatives or compensation as IARs of the Advisor.

Certain IARs of the Advisor are licensed to sell insurance products through various companies. These individuals may receive compensation for the sale of such products. Clients are under no obligation to purchase insurance products through them and are free to choose the sources through which to implement investment advisory recommendations.

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

Our firm has adopted a written Code of Ethics and in compliance with state regulations. All employees of M C Byrd are deemed by the Advisers Act to be supervised persons<sup>1</sup> and are therefore subject to this Code of Ethics. In carrying on its daily affairs, M C Byrd and all of our associated persons shall act in a fair, lawful and ethical manner, in accordance with the rules and regulations imposed by our governing regulatory authority. The Code of Ethics sets forth standards of conduct and requires compliance with state securities laws. Our Code of Ethics also addresses personal trading and requires our personnel to report their personal securities holdings and transactions to our Chief Compliance Officer. We will provide a copy of our Code of Ethics to you or any prospective client upon request within a reasonable period of time at the current address of record.

We have created a Code of Ethics which establishes standards and procedures for the detection and prevention of certain conflicts of interest including activities by which persons having knowledge of the investments and investment intentions of M C Byrd might take advantage of that knowledge for their own benefit. M C Byrd has in place Ethics Rules (the “Rules”), which are comprised of the Code of Ethics and Insider Trading policies and procedures. The Rules are designed to ensure that M C Byrd’s personnel (i) observe applicable legal (including compliance with applicable state and federal securities laws) and ethical standards in the performance of their duties; (ii) at all times place the interests of M C Byrd’s clients first; (iii) disclose all actual or potential conflicts; (iv) adhere to the highest standards of loyalty, candor and care in all matters relating to its clients; (v) conduct all personal trading consistent with the Rules and in such a manner as to avoid any actual or potential conflict of interest or any abuse of their position of trust and responsibility; and (vi) not use any material non-public information in securities trading. The Rules also establish policies regarding other matters such as outside employment, the giving or receiving of gifts, and safeguarding portfolio holdings information.

Under the general prohibitions of the Rules, M C Byrd’s personnel may not: 1) effect securities transactions while in the possession of material, non-public information; 2) disclose such information to others; 3) participate in fraudulent conduct involving

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<sup>1</sup> Supervised person means any partner, officer, director (or other person occupying a similar status or performing similar functions), or employee of an investment adviser, or other person who provides investment advice on behalf of the investment adviser and is subject to the supervision and control of the investment adviser.



securities held or to be acquired by any client; and 4) engage in frequent trading activities that create or may create a conflict of interest, limit their ability to perform their job duties, or violate any provision of the Rules.

M C Byrd's personnel are required to conduct their personal investment activities in a manner that M. C Byrd believes is not detrimental to its advisory clients. M C Byrd's personnel are not permitted to transact in securities except under circumstances specified in the Code of Ethics. However, as described below, there may be circumstances where M C Byrd's personnel may buy and sell on behalf of its clients, securities of issuers or other investments in which they own securities or otherwise have an interest. The policy requires all Access Persons<sup>2</sup> to report all personal transactions in securities not otherwise exempt under the policy. All reportable transactions are reviewed for compliance with the Code of Ethics. The Ethics Rules are available to clients and prospective clients from M C Byrd upon request by contacting us during regular business hours. We will furnish a copy within a reasonable period of time to you at your current address of record.

Associated persons of the Advisor may buy or sell for their own accounts the same securities, at the same time, which may be recommended to advisory clients. This raises potential conflicts of interest if the associated person is selling a security they are simultaneously recommending to a client (or visa-versa). However, associated persons seek to ensure that they do not personally benefit from the short-term market effects of their recommendations to clients and their personal transactions are regularly monitored. In instances where the representative buys or sells the same securities as those of their clients, the client's accounts are given priority to avoid such potential conflicts of interest.

We do not nor a related person recommends to you, or buys or sells for your accounts, securities in which we (or a related person) have a material financial interest.

We do not, nor does a related person, recommend securities to you, or buy or sell securities for your accounts, at or about the same time that we (or a related person) buy or sell the same securities for our own (or the related person's own) account.

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<sup>2</sup> Access person means any of your supervised persons who has access to nonpublic information regarding any clients' purchase or sale of securities, or nonpublic information regarding the portfolio holdings of any reportable fund, or who is involved in making securities recommendations to clients, or who has access to such recommendations that are nonpublic. If providing investment advice is your primary business, all of your directors, officers and partners are presumed to be access persons.

## Item 12 – Brokerage Practices

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, the Advisor may receive from LPL or a mutual fund company, without cost and/or at a discount support services and/or products, certain of which assist the Advisor to better monitor and service client accounts maintained at such institutions. Certain of the support services and/or products that may be received may assist the Advisor in managing and administering client accounts. Others do not directly provide such assistance, but rather assist the Advisor to manage and further develop its business enterprise.

As a registered representative of LPL, we receive certain services and products, such as fundamental research reports, technical and portfolio analyses, pricing services, economic forecasting and general market information, historical data base information and computer software that assist in our investment management process, from our custodian. Nonetheless, when selecting a particular broker for execution of your transactions, we will seek to obtain most favorable terms under the circumstances by considering such factors as: price, execution capability, reliability, responsiveness, financial responsibility, and the value of any products or services provided by such brokers. The Advisor's clients do not pay more for investment transactions effected and/or assets maintained at LPL. There is no corresponding commitment made by the Advisor to LPL or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products. Specifically, we do not have any soft dollar arrangements with LPL or any particular broker for execution of your transactions.

Associated persons of the Advisor, in their capacities as registered representatives of LPL may suggest that clients implement recommendations through LPL. If the client chooses to do so, this would present a conflict of interest to the extent that registered representatives could receive commissions as registered representatives or compensation as IARs of the Advisor.

Clients are under no obligation to implement recommendations through the registered representatives but if they do so, they may pay commissions or fees that are higher or lower than those that may be obtained from elsewhere for similar services. LPL is a broker-dealer and an investment adviser with which the Advisor's IARs are licensed as registered representatives. As a result of the individual registrations of the Advisor's IARs with LPL, the Advisor is generally required to utilize the brokerage/custodial services of LPL for investment advisory accounts. To the extent otherwise applicable to

the transactions to be effected directly by the Advisor, the Advisor's general policies relative to the execution of client securities brokerage transactions are as follows:

**Execution of Brokerage Transactions (when applicable).** If requested, Advisor will arrange for the execution of securities brokerage transactions for the account through broker-dealers that the Advisor reasonably believes will provide "best execution". In seeking "best execution", the determinative factor is not the lowest possible commission cost but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services including execution capability, commission rates, and responsiveness. Accordingly, although the Advisor will seek competitive commission rates, it may not necessarily obtain the lowest possible commission rates for account transactions.

Over-the-Counter (OTC) securities transactions for the Advisor's clients are generally effected on an agency basis, which involve the services of two (2) separate broker-dealers: (1) a "dealer" or "principal" acting as market-maker; and (2) the executing broker-dealer that acts in an agency capacity for the client's account. Dealers executing principal transactions typically include a mark-up/down, which is included in the offer or bid price of the securities purchased or sold. In addition to the dealer mark-up/down, the client will also incur the transaction fee imposed by the executing broker-dealer. The Advisor does not receive any portion of the dealer mark-up/down or the executing broker-dealer transaction fee.

Transactions for each client account generally will be effected independently, unless the Advisor decides to purchase or sell the same securities for several clients at approximately the same time. The Advisor may, but is not obligated to, combine or "batch" such orders to obtain "best execution", to negotiate more favorable commission rates or to allocate equitably among the Advisor's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among the Advisor's clients in proportion to the purchase and sale orders placed for each client account on any given day. To the extent that the Advisor determines to aggregate client orders for the purchase or sale of securities, including securities in which the Advisor's principals (and/or associated persons) may invest, the Advisor shall generally do so in accordance with the parameters set forth in SEC No-Action Letter, *SMC Capital, Inc.* The Advisor shall not receive any additional compensation or remuneration as a result of the aggregation.

The client may direct the Advisor to use a particular broker-dealer (subject to the Advisor's right to decline and/or terminate the engagement) to execute some or all transactions for the client's account. In such event, the client will negotiate terms and

arrangements for the account with that broker-dealer, and the Advisor will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by the Advisor. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. In the event that the client directs the Advisor to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through the Advisor.

In the event that the transactions for a client's accounts are effected through a broker-dealer that refers investment management clients to the Advisor, there exists the potential for conflict of interest if the accounts incur higher commission or transaction costs than the accounts would otherwise have incurred had the client determined to effect account transactions through alternative clearing arrangements that may have been available through the Advisor.

While M C Byrd does recommend broker, dealers or custodians, clients are free to select any broker, dealer or custodian they wish. As previously discussed, M C Byrd may be limited in the broker, dealers or custodians where client's contracting for asset management services will be allowed to maintain their assets. If client directs the use of a particular broker, dealer, or custodian, such direction must be provided in writing to M. C Byrd. When a client directs the use of a particular broker, dealer or other custodian, M C Byrd may not be able to obtain the best prices and execution for the transaction. Clients who direct the use of a particular broker, dealer or custodian may receive less favorable prices than would otherwise be the case if clients had not designated a particular broker, dealer, or custodian. Further, clients with directed brokerage arrangements will not be able to participate in aggregate trades (i.e. block trades) and directed trades may be placed by M C Byrd after effecting non-directed trades.

M C Byrd does not render advice to or take any actions on behalf of clients with respect to any legal proceedings including bankruptcies and shareholder litigation, to which any securities or other investments held in client accounts, or the issuers thereof, become subject, and does not initiate or pursue legal proceedings, including without limitation shareholder litigation, on behalf of clients with respect to transactions, securities, or other investments held in client accounts. The right to take any actions with respect to legal proceedings, including shareholder litigation with respect to transactions,

securities or other investments held in client accounts is expressly reserved to the client.

We do not consider whether we or a related person receive client referrals from a broker-dealer or third party in selecting or recommending broker-dealers to you. Furthermore, we do not routinely recommend, request, or require that a client direct us to execute transactions through a specified broker-dealer.

## **Item 13 – Review of Accounts**

Accounts will be reviewed with the client at least on a quarterly basis by the Chief Compliance Officer. Upon client requests, a more frequent review will be provided and may be made through a face to face meeting. The review encompasses asset allocation per class against the recommended allocation per investment objective. Accounts are also reviewed for consistency with the investment strategy and performance among other things. Additional reviews may be triggered by changes in an account holder's personal, tax, or financial status.

Macroeconomic and company specific events may also trigger reviews. There is currently no limit on the number of accounts that can be reviewed by the reviewer.

Clients will receive transaction confirmations and/or statements monthly or at least quarterly from the account custodians. Collectively, these reports will list client's account holdings, transactions and fees paid to Advisor.

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

In their capacities as registered representatives of LPL, associated persons of the Advisor may receive payments from certain mutual funds distributed pursuant to a 12b-1 distribution plan or other such plans as compensation for administrative services, representing a separate financial interest. As such, a conflict of interest may exist with respect to recommendations to buy or sell securities. In all cases, transactions are effected in the best interests of the client.

Some of M C Byrd's associated persons may sell securities to any client for commissions in their separate capacities as registered representatives of LPL. This situation could present a conflict of interest since the associated persons could receive fees and commissions if the client chooses to implement the recommendations of M C Byrd's associated persons through the associated persons in their separate capacities as registered representatives of LPL. Clients are not obligated to implement any recommendation through M. C. Byrd or through its associated persons and are free to choose any broker-dealer they wish to implement the recommendations.

While M C Byrd does not receive cash or economic benefit from a non-client, its IARs may occasionally receive compensation from firms in which the client implements non-security transactions. They may also receive commissions or fees from LPL and various insurance companies and 12b-1 fees from certain mutual funds. As such, a conflict of interest may exist with respect to recommendations to buy or sell such securities.

As part of its duties to its clients, M C Byrd endeavors at all times to put the interest of its clients first.

Sponsorship of client seminars that mutual fund vendors pay for is also available to the Advisor provided LPL has approved each seminar and sponsorship.

## **Item 15 – Custody**

We do not have custody of client funds or securities; however, we may be granted authority, upon written consent from you, to deduct the advisory fees directly from your account. The custodian will send to you, at least quarterly, an account statement identifying the amount of funds and each security in the account at the end of period and setting forth all transactions in the account during that period including the amount of advisory fees paid directly to us. You should compare the account statements you receive from the qualified custodian with those you receive from us.



## **Item 16 – Investment Discretion**

Upon receiving written authorization from the client, M C Byrd may provide discretionary investment advisory services for client accounts. When discretionary authority is granted, M C Byrd will have the authority to determine the type and amount of securities to be bought or sold. Clients will have the right to place reasonable restrictions on such authority. Any restrictions must be submitted in writing to M C Byrd.

## **Item 17 – Voting Client Securities (i.e., Proxy Voting)**

Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. The Advisor and/or the client shall correspondingly instruct each custodian of the assets to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

## **Item 18 – Financial Information**

We have no financial condition that is reasonably likely to impair our ability to meet contractual commitments to you given that we do not have custody of client funds or securities, or require or solicit prepayment of fees more than \$1,200 per client and six months or more in advance. In addition, we are not currently, nor at any time in the past ten years been the subject of a bankruptcy petition.

## **Item 19 – Requirements for State-Registered Advisers**

We are an SEC registered investment adviser so this section does not apply to us.