

Part 2A, Appendix 1 of Form ADV: Wrap Fee Brochure

Sponsored by

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This wrap fee brochure provides information about the qualifications and business practices of M Holdings Securities, Inc. (“We,” or “Us,” or “M Securities”). If you have any questions about the contents of this brochure, please contact us at (503) 232-6960. 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 Securities is also available on the SEC’s website at www.adviserinfo.sec.gov. You obtain information by entering our unique identifying number, known as a CRD number. Our firms CRD number is 43285.

As a client of M Securities, you should be receiving statements and confirmations from the custodian where your account is held. If you are not receiving this documentation, please contact Frank Day, Chief Compliance Officer at 503.414.7264 or frank.day@mfin.com.

Item 2 Material Changes

This firm brochure is prepared according to the SEC's new requirements and is materially different in form and content, and includes certain information that we were not previously required to disclose.

In the future, this Item 2 will be used to provide clients with a summary of material changes that are made to the brochure since the last annual update.

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Item 4 Services and Fee Compensation

GENERAL INFORMATION

M Holdings Securities, Inc. (“We,” or “Us,” or “M Securities”) is the Sponsor of the WealthPursuit™ Envoy Wrap Fee Program (the “Wrap Program”), which provides clients with access to actively managed portfolios. Institutional Management teams (“Portfolio Manager”) create allocations comprised of Separate Account Managers and/or Sub-Advisor(s), specific Equities, Mutual Funds, Exchange Traded Funds (“ETFs”) or Exchange Traded Notes. Sub-Advisor(s) provide objective ongoing management of carefully selected mutual funds and/or ETF portfolios.

Portfolio trading services are provided by Envestnet Portfolio Solutions, Inc. (“Administrator” or “Envestnet”). Envestnet will determine the time and amount of the trade to be executed on behalf of the client. The client’s customized portfolio will be held by Pershing LLC (“Pershing” or “Custodian”) who will provide execution, clearing and record-keeping services to the account(s) (“Account”).

Envestnet provides administrative services to M Securities, and supervises and directs the investment of monies contributed by a client to a Wrap Program account on a discretionary basis. M Securities and the investment advisory representative (“Representative”) will review trades executed by Separate Account Managers and/or Sub-Advisor(s) (collectively referred to henceforth as “Sub-Advisor(s)”), and the securities that were selected directly to ensure they are suitable for the client’s account, and will change the Sub-Advisor(s) and securities as necessary.

Program clients pay one asset-based wrap fee (the “Wrap Fee”) that covers certain costs of the Wrap Program, including investment advice, Envestnet program fees, execution and clearing of transactions, custody of assets and record-keeping services. Certain other costs, as described below, are not covered by the Program Fee.

SERVICES PROVIDED

Investment Advisory Services

Prior to opening an Account, the client will consult with their Representative concerning the suitability of the Wrap Program. The client will complete a risk tolerance questionnaire (“Questionnaire”) and the M Securities’ client account form in order to provide a full description of assets and liabilities, investment objectives, earnings, financial needs, time horizon, risk tolerance, marginal federal and state tax rates, any reasonable restrictions the client wish to impose on the management of their Account, and any other pertinent information. Based upon the information you provide on the Questionnaire and on the M Securities client account form, the Representative will make investment recommendations to the client, which will be documented on a form called the Statement of Investment Selection (“SIS”).

Upon receipt of the client’s signature on the SIS, our Representative will take appropriate actions to establish an Account and will select a portfolio that matches the client’s risk tolerance and objectives as provided on the M Securities Investment Advisory Agreement.

Representatives will meet with the client at least annually to discuss the client’s Account(s) and to determine whether there have been any changes in financial situation, investment objectives, restrictions or other instructions. Accounts will be reviewed by Supervisory Principals of M Securities for suitability prior to opening. Accounts will also be reviewed by

Supervisory Principals of M Securities for suitability and trading violations as transactions take place. M Securities Compliance will sample client accounts on a semi-annual basis, and during branch audits, for suitability and trading violations.

Envestnet will monitor the model portfolio and will conduct rebalancing as needed, and generally when the portfolio has deviated from its target asset allocation or as market conditions warrant. Envestnet has the discretion to adjust asset allocation in the Wrap Program Account.

Execution, Clearance and Administrative Services

Pershing LLC (“Pershing” or “Custodian”) will execute all transactions and perform the clearance for such transactions. The Custodian will maintain custody of all Account assets, and its custodial functions, among other things, will include (i) crediting of interest and dividends on Account assets, (ii) crediting of principal on called or matured securities in the Account, (iii) debiting Wrap Fee from the Accounts, (iv) processing, pursuant to M Securities’ instructions, of deposits to and withdrawals from Accounts, and (v) other custodial functions customarily performed with respect to securities brokerage accounts.

The Custodian will forward confirmation of each purchase and sale to the client and to M Securities in accordance with applicable law. However, the client may choose to opt out of receiving confirmations by completing a form required by the Custodian and M Securities. For each month in which activity occurs in the client’s Account (but no less frequently than quarterly), Account statements will be forwarded by the Custodian to the client and to M Securities, with an additional copy of each client Account statement to M Securities for redistribution to the client’s Representative. If you do not receive such documents, please contact Frank Day, Chief Compliance Officer of M Securities at 503-414-7264.

Administrative Services

Envestnet provides certain services to M Securities in connection with the Wrap Program which include, but are not limited to: (i) providing the technology platform through which Wrap Program activities occur, (ii) maintaining records of activity in Wrap Program Accounts, (iii) maintaining an electronic interface of Wrap Program Account data with the applicable Custodian, (iv) calculating the Wrap Fee and instructing the applicable Custodian to debit the Accounts accordingly, and (v) providing the client and M Securities with quarterly reports analyzing the performance of the client’s Account. M Securities provides administrative services related to monitoring Envestnet to ensure that the services described above occur, performing due diligence related to the program and generally coordinating operational functions between M Securities and Envestnet.

FEES AND CHARGES

Program Fees

A client will pay an asset-based Wrap Fee based upon a percentage of the value of the assets in the Account. Investment advice from M Securities' Representative, Envestnet fees, execution and clearing of transactions, Portfolio Manager fees, administrative fees and custody of assets and record-keeping services are included in the Wrap Fee. The Wrap Fee will be calculated based upon the following tiered scale of annualized assets:

Market Value	Administrative Fee	Execution Fee	Portfolio Manager & Additional Services Fee*	Representative Fee	Maximum Total Fee
First \$500,000	0.20%	0.00 - 0.05%	Varies	Negotiated	never to exceed 3%
Next \$500,000	0.17%	0.00 - 0.05%	Varies	Negotiated	never to exceed 3%
Next \$2,000,000	0.15%	0.00 - 0.05%	Varies	Negotiated	never to exceed 3%
Next \$7,000,000	0.13%	0.00 - 0.05%	Varies	Negotiated	never to exceed 3%
Next \$10,000,000	0.08%	0.00 - 0.05%	Varies	Negotiated	never to exceed 3%
Amounts over \$20,000,000	0.06%	0.00 - 0.05%	Varies	Negotiated	never to exceed 3%

*Fee dependent upon the Portfolio Manager that is selected.

The Representative's fee may be negotiated directly between the client and the Representative, but in no case will the total Wrap Fee, identified by the all the fees noted in the above schedule, exceed 3%. The execution portion of the wrap fee will equal 0.00% in any case where a portion of the portfolio is invested in Pershing's "FundVest" funds. The annual percentage fee will be billed four times a year based upon the account value throughout each quarter. A portion of the Wrap Fee is paid to M Securities for administrative purposes.

Prior to establishing an Account, the total fee to be paid by a client will be set forth in writing in the SIS.

The Wrap Fee does not include fees incurred for products or services that are not part of the Wrap Fee including, but not limited to, mark-ups, mark-downs, spreads paid to market makers, electronic fund and wire fees, IRA and qualified retirement plan account termination fees, the costs of the operating expenses of the mutual funds that are held in the Account, including exchange-traded funds and money market funds, as well as any applicable shareholder fees that may be assessed by such funds or charges and taxes currently imposed by governmental authorities, self-regulatory bodies, transfer agents and other outside entities with respect to securities transactions (including, but not limited to SEC Section 31 transaction fees, Depository Trust Company fees, redemption and transfer fees) (collectively, "Additional Costs"). Clients will separately bear these Additional Costs.

The Wrap Fee is assessed quarterly and is paid in arrears. The Wrap Fee will be assessed on the first day of each calendar quarter and will be calculated based on the average daily fair market value of Account assets during the preceding calendar quarter, as valued by an independent pricing service, where available, or otherwise in good faith. By entering into the Investment Advisory Agreement, the client will instruct the Custodian to pay the Wrap Fee out of assets in the Account by authorizing the Custodian to withdraw the appropriate amount from the Account upon receipt of instructions from Envestnet.

Accounts opened during any calendar quarter will be billed, for the first quarter, in arrears based on the average daily fair market value of assets in the Wrap Program Account during the portion of the quarter the Wrap Program Account was open. Upon any termination of the Investment Advisory Agreement, Envestnet will calculate the amount of the Wrap Fee

and any other fees and charges due and payable through the effective date of termination and then instruct the Custodian to debit and collect that amount prior to any assets in the Account being transferred to the client or another custodian.

The Wrap Fee may be more or less than the cost of purchasing each service included separately in the Wrap Program, assuming similar services could be purchased separately. Other investment advisors may charge a higher or lower fee for giving advice concerning securities without offering the other services available in the Wrap Program. Also, depending upon the frequency of trading in an Account, brokerage and/or clearing fees could be higher or lower if purchased separately. Some mutual funds may pay Rule 12b-1 service fees to M Securities. If the applicable Representative is also a registered representative of M Securities, he/she may receive a portion of such Rule 12b-1 fees from M Securities. Therefore, the Representative may have a financial incentive to choose funds that pay Rule 12b-1 fees. The Wrap Fee may be negotiated at the discretion of M Securities and/or the Representative. The Wrap Fee may be discounted for associated persons of M Securities or the Representative's employer.

M Securities and our Representatives receive compensation as a result of a client's participation in the Wrap Program. Depending on, among other things, the size of an Account, changes in its value over time, the number of transactions and the ability to negotiate fees and commissions, the amount of compensation under the Wrap Program may be more or less than what the Representative would receive if the client paid separately for investment advice, brokerage and other services. Therefore, M Securities and our Representatives may have a financial incentive to recommend the Wrap Program over other programs or services offered by M Securities.

Additional Services

SRI Personal Conviction Screens

Designed for Clients who wish to integrate Environmental, Social and Governance (ESG) factors into their investments. Utilizing the investment models of independent investment money managers, this integrated solution screens out, on a best efforts basis, Client's exposure to securities of companies that are not aligned with their personal convictions.

Retirement Outcome Advisor

This tool uses a Monte Carlo simulation to help Portfolio Manager evaluate various products and strategies for Client. The Monte Carlo simulation is a statistical technique that uses random returns to show the probability of meeting specified financial goals at certain times in the future with the objective of providing a more realistic assessment of possible cash flow outcomes under different circumstances.

Plan Horizons Program - Time-Segmented Distribution Services

Portfolio construction, reporting, and account management tools for building and implementing a retirement income strategy generically known as time-segmented distribution. This service allows Portfolio Manager to allocate retirement assets among multiple segments which are managed separately. Each segment then accumulates in value until the time when that segment is used to provide income throughout a period of retirement. The platform tracks the progress of the investments in each segment towards achieving the target growth goals and supports the Portfolio Manager's efforts to manage retirement assets to meet Client's retirement income and legacy needs.

Envestnet Tax Transition Services

Premium, customizable solution for Clients who want to control and customize their realization of large unrealized gains that are imbedded in their portfolios, or for Clients who have other unique circumstances that require an individualized strategy. Working with Envestnet, the Portfolio Manager will help determine the appropriate asset allocation and manager models to establish the tax management goals for Client's account.

Investnet Tax Management Services

Allows Client to elect accounts traded with tax-aware portfolio management techniques. The service leverages optimization software that applies predefined rules and constraints to keep Client's tax-aware portfolio sufficiently close to the investment manager's model portfolio. The software seeks to consider the tax costs of trading that detract from the Client's after-tax returns. Designed for taxable Clients who are willing to allow some deviation from their selected Sub-Advisor(s) portfolios, the service aims to minimize the impact of taxes on their returns.

Item 5 Account Requirements and Types of Clients

The minimum amount of assets required for you to establish a Wrap Program account is \$10,000. Exceptions to this account minimum may be made upon Portfolio Manager's approval. If a client's Account falls below the minimum amount, the Account is subject to termination by us at our discretion. Clients may add assets to an Account at any time.

Individuals, corporations, and trusts are among the type of clients that generally use this Wrap Program.

Item 6 Selection and Review of Portfolio Manager and Sub-Advisors

Investnet is responsible for performing due diligence on the Portfolio Manager that is available through the Wrap Program; however, M Securities is responsible to ensure that the investment strategy recommended by the Representative to a client is suitable for the Account based upon the client's investment objectives, financial situation and any restrictions imposed by the client. In circumstances where the Portfolio Manager does not appear on Investnet's approved managers list, M Securities is responsible for performing due diligence in order to offer this Manager within the Wrap Program.

Portfolio Manager may hire Sub-Advisors on a discretionary basis, and is responsible for performing due diligence on each Sub-Advisor included in their allocation.

Item 7 Client Information Provided to Portfolio Manager

As discussed above, the Questionnaire is designed to gather information to determine objectives and risk tolerance of the client. The answers to the Questionnaire assist Representative in selecting the Portfolio Manager for the client. M Securities provides a copy of the Questionnaire once the Portfolio Manager is selected.

Performance Based Fees

Clients are not charged on the basis of capital gains within their portfolio.

Item 8 Client Contact with Portfolio Manager

Clients do not have the ability to communicate directly with the Portfolio Manager associated with this program. M Securities recommends that clients inform their Representative regarding changes in their risk tolerance and objectives and discuss reallocation of existing managed programs within their portfolio.

Item 9 Additional Information

DISCIPLINARY INFORMATION

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

Our firm and our management personnel have no reportable disciplinary events to disclose.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Firm Registrations

In addition to M Holdings Securities, Inc. being a registered investment adviser, our firm is registered as a FINRA member broker/dealer.

M Financial Group (our parent company) also owns two other investment advisers: M Financial Asset Management ("M Wealth") and M Financial Investment Advisors ("M Funds").

M Wealth

M Wealth is wholly owned by our parent company, M Financial Group, and offers third party investment management services to M Securities and other independent Registered Investment Advisors that are owned by registered representatives of M Securities. M Wealth is recommended by us as a third party manager when appropriate for the client. An incentive and therefore a potential conflict of interests exists to offer the management services of M Wealth as opposed to other investment advisory managers since many of our investment advisory representatives and their private agencies have an ownership stake in M Financial Group. Please see the "Additional Compensation" section below for more information regarding the manner in which compensation could ultimately find its way to our investment advisory representatives through clients selecting M Wealth to manage their assets.

M Funds

M Financial Investment Advisors is wholly owned by our parent company, M Financial Group, and it serves as the investment adviser to M Funds. M Securities, as broker/dealer, is the distributor for M Funds.

M Funds are sub-accounts of insurance policies and are only accessible when purchasing securities related insurance through M Securities. Nearly all investment advisory representatives are also licensed as representatives of M Securities and we recommend M Funds sub-account selection to individuals purchasing this product when it is appropriate for the client. An incentive exists to recommend products that offer M Funds and to recommend the use of M Fund sub-accounts within these products, as opposed to other insurance products and sub-accounts, because many of our investment advisory representatives and their private agencies have an ownership stake in M Financial Group. Please see item 14 for more information regarding the manner in which compensation could ultimately find its way to our investment advisory representatives through the client selecting M Funds as a sub-account within an insurance policy.

MANAGEMENT PERSONNEL REGISTRATIONS

Management personnel of our firm are separately licensed as registered representatives of M Securities. M Securities is a single entity with Registered Investment Advisor and Broker-Dealer registrations. M Securities is a FINRA member broker-dealer.

While M Securities and these individuals endeavor at all times to put the interest of the clients first as part of our fiduciary duty, clients should be aware that the receipt of additional compensation itself creates a conflict of interest, and may affect the judgment of these individuals when making recommendations.

As required, any 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 firm brochure.)

Clients should be aware that the receipt of additional compensation by M Securities and its management personnel or employees creates a conflict of interest that may impair the objectivity of M Securities and these individuals when making advisory recommendations. M Securities takes the following steps to address this conflict:

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

As previously disclosed, we recommend the services of various registered investment advisers to its clients. In exchange for this recommendation, we receive a referral fee from the selected investment adviser. The fee received by M Securities is typically a percentage of the fee charged by that investment adviser to the referred client. The portion of the advisory fee paid to M Securities does not increase the total advisory fee paid to the selected investment adviser by the client. M Securities does not charge the client any fees for these referrals. M Securities will only recommend advisers that pay us a referral fee.

We are aware of the special considerations required under Rule 206(4)-3 of the Investment Advisers Act of 1940. As such, all appropriate disclosure shall be made and all applicable Federal and State laws will be observed.

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Our firm has adopted a Code of Ethics (the “Code”) which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

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

M Securities’ Code of Ethics further includes our 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.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email at frank.day@mfin.com, or by calling us at 503.414.7264.

In addition, access persons of M Securities are required to report all personal securities transactions conducted in our affiliated fund company.

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.

M Securities and/or individuals associated with M Securities may buy or sell securities identical to or different from those recommended to our clients for their personal accounts. In addition, any related person(s) may have an interest or position in certain securities which may also be recommended to a client.

It is M Securities’ policy that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

We may aggregate our employee trades with client transactions, where possible, and when compliant with our duty to seek best execution for our clients. In these instances, participating clients will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. In instances where there is a partial fill of a particular batched order, we will allocate all purchases pro-rata, with each account paying the average price. Our employee accounts will be in the pro-rata allocation.

As these situations represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing M Securities’ Code of Ethics, to ensure compliance with its regulatory obligations and to provide our clients and potential clients with full and fair disclosure of such conflicts of interest:

- No principal or employee of M Securities may put his or her own interest above the interest of an advisory client.

- No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is based on information received as a result of his or her employment, unless the information is also available to the investing public.
- No person employed by M Securities may purchase or sell any security prior to a transaction(s) being implemented for an advisory account. This prevents such employees from benefiting from transactions placed on behalf of advisory accounts.
- M Securities requires prior approval for any initial public offering (“IPO”) or private placement investments by related persons of M Securities.
- We maintain a list of all reportable securities holdings for M Securities and anyone associated with this advisory practice who has access to advisory recommendations (“access person”). These holdings are reviewed on a regular basis by M Securities’ Chief Compliance Officer or his/her designee.
- We have established procedures for the maintenance of all required books and records.
- All clients are fully informed that related persons may receive separate commission compensation when effecting transactions during the implementation process.
- Clients can decline to implement any advice rendered, except in situations where our firm is granted discretionary authority.
- All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
- We require delivery and acknowledgement of the Code of Ethics by each supervised person of M Securities.
- We have established policies requiring the reporting of Code of Ethics violations to our senior management.
- Any individual who violates any of the above restrictions may be subject to termination.

Our internal supervisory procedures and compliance audit and sampling procedures are designed to detect potential breaches of conduct by our investment advisory representatives. As disclosed above, in this section, related persons of our firm are separately registered as representatives of M Securities’ broker/dealer and they receive commissions as a result of establishing a broker/dealer account with the client and entering transactions on the client’s behalf. Many of the transactions entered through the broker/dealer involve the purchase of securities related insurance products in addition to general securities products. Additionally, nearly all representatives of M Securities’ broker/dealer and registered investment adviser are involved with insurance agencies that are independent from M Securities and sell insurance products that are not securities related.

Marketing fees may be received in some cases, in addition to the advisory fees received by the investment advisory representative. The amount of these fees will be provided to the client upon request.

REVIEW OF ACCOUNTS

These accounts are reviewed by:

- M Securities Operations employees review client account forms and other required documentation to ensure that all information required to be collected from the client is on file and that it is complete;

- Representatives are aware of risk tolerance, goals and objective information when reviewing daily transaction. Representatives are responsible for considering existing client holdings and pending orders prior to entering each transaction on behalf of the client.
- Supervisory Principals (or a qualified Series 24 employee) open accounts on behalf of M Securities. Additionally, Supervisory Principals review and approve securities-related correspondence and transactions on at least a weekly basis. Please see your Representative's personal disclosure document (Form ADV 2B) for more details regarding the methods used by Supervisory Principals to review your account.
- Compliance Officers sample client information during branch audits that generally take place on an annual basis. The Compliance Officers will determine if required documentation is on file and if it is complete;
- The Chief Compliance Officer will review a sampling of client documentation and transactions reports to determine if required information is on file, if transactions and client holdings are suitable and if Supervisory Principals are conducting required reviews. The Chief Compliance Officer also reviews trading conducted for the Representative's personal accounts, including transactions that take place outside of an M Securities Account.

In addition, M Securities provides this Wrap Program's clients with reports as contracted for at the inception of the advisory relationship.

ADDITIONAL COMPENSATION

M Securities offers a broad range of options to its investment advisory clients through access to multiple product sponsors and service providers, including insurance companies, mutual funds, private investment funds, alternative investments, wrap programs, asset allocation programs, separate account managers, registered investment advisors, and broker-dealers ("Investment Providers").

Certain Investment Providers provide revenue sharing arrangements or fee payments to M Securities that are separate from the fee charged to Clients for providing investment advisory services. All revenue and/or fee payments received by M Securities are retained at the firm level to help defray marketing and business costs, such as training and educating, investment conferences, meals or entertainment (non-cash compensation), provider due diligence, sales and marketing, and administrative costs. The method of calculation and the amount of revenue sharing or fees paid by each Investment Provider may vary and is subject to change at any time. Clients should be aware that revenue sharing arrangements and/or fee payments create potential conflicts of interest for M Securities. However, participation in any revenue sharing or fee payment arrangement has no contingency on payment to our Representatives as we do not create any incentives for our Representatives to use any particular Investment Provider. Clients are encouraged to determine whether any conflicts of interest to M Securities are relevant to investing with an Investment Provider, and are welcome to contact us for additional information.

Compensation from Pershing, LLC (Pershing)

We have access, without charge, to Pershing's NetX360 software and website, which provides access to client account records and facilitates the execution and review of client transactions.

Pershing offers a no-transaction-fee program ("FundVest") in lieu of clearance charges in which M Securities voluntarily participates. Pershing may receive negotiated servicing fees from participating mutual funds in this program and shares a

portion of those fees with M Securities. M Securities advisory clients can find additional information about this arrangement in their Pershing New Account Disclosure.

Pershing offers clients a variety of supplementary account features which are available for additional fees. Some of these features may share a percentage of the additional service fee collected from clients with M Securities and/or the servicing Representative. Prior to participation in these supplementary features, Clients should read the associated disclosures to determine the relevance and possible conflict of interest to Representatives.

M Financial Group and its Member Firms

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

At its origin in 1978, M Financial Group, through its Member Firms, was largely oriented toward providing life insurance related services to affluent and corporate markets. As the needs of customers have evolved, so have M Financial Group's operations. Today, Member Firms provide a broad range of financial products and services, primarily to a highly affluent clientele, including:

- Life insurance
- Fixed and variable annuities
- Disability and Long Term Care insurance
- Employee benefits
- Mutual funds and private investment funds
- Investment advisory services
- Securities brokerage services
- Life settlements with respect to existing insurance contracts

In providing these and other financial services, M Financial Group is recognized as one of the nation's premier financial services distribution networks for the affluent and corporate markets.

Services to Member Firms

M Financial Group does not deal primarily with purchasers or clients. Rather M Financial Group and its subsidiaries provide to Member Firms a variety of support services, including product design and marketing assistance, as well as access to securities-related products and services. M Financial Group does not regularly contact clients of Member Firms. M Financial Group (on behalf of unaffiliated financial service providers) does have direct dealings with Member Firm clients at the request of a Member Firm, typically in conjunction with a Member Firm client presentation or proposal.

M Financial Group and its subsidiaries do not issue insurance policies or financial services products. However, M Financial Re, a subsidiary of M Financial Group, reinsures a portion of the mortality risk on some policies issued by unaffiliated insurance carriers and sold by Member Firms.

Member Firms are free to offer products and services provided by any financial service provider and are not required to offer products or services designed or promoted by M Financial Group.

Proprietary Insurance Products

M Financial Group negotiates with unaffiliated insurance companies on behalf of Member Firms for access to a number of proprietary products that can be offered only by Member Firms and their affiliated producers. Insurance companies design these products with recommendations from M Financial Group, and typically use M Financial Group's proprietary experience data (such as mortality, persistency, and policy size) derived from policies reinsured by M Financial Re. These proprietary products may include pricing advantages and other features that benefit the highly affluent clientele primarily served by Member Firms.

When M Financial Re reinsures proprietary products, M Financial Group has direct access to policy experience data. This direct access facilitates active management of inforce business. With this data, M Financial Group can continuously monitor the service, experience, and performance of inforce business on behalf of Member Firms and their clients. From time to time, policy experience data may result in pricing enhancements that apply to new sales. M Financial Group uses its influence to encourage insurance carriers to apply these improvements to inforce business as well. Since the first M Financial Group proprietary product was introduced in 1996, there have been thirty-five pricing enhancements for new sales, all of which were also applied to inforce policies. Although M Financial Group has had success encouraging insurance carriers to improve inforce policy performance in the past, carriers are not required to do so and accordingly this success may not continue in the future.

Ownership of M Financial Group and Incentive Compensation Plan

Member Firms and many of their affiliated producers are stockholders of M Financial Group. As stockholders, they share in the profits of M Financial Group via periodic stock or cash dividends.

M Financial Group also maintains an Incentive Compensation Plan pursuant to which it annually distributes to Plan Participants (e.g., Member Firms or their producers) most of M Financial Group's consolidated net cash profits. Although distributions under the Plan are, to some extent, averaged among the various Member Firms, lines of business, and cost centers of M Financial Group, a significant portion of Plan distributions are made in proportion to the revenue that a Member Firm generates.

Distributions of dividends and Incentive Compensation to Member Firms or their producers are in addition to compensation paid to producers by unaffiliated insurance carriers and other financial service providers. Many Member Firms remit these distributions to their owners or individual producers (in some cases in proportion to business generated).

Sources of M Financial Group Revenues

M Financial Group derives its consolidated revenues from a variety of sources, which include both its Member Firms and unaffiliated insurance carriers and other financial service providers. The majority of these revenues comes from two sources:

- **"Override" compensation** paid to M Financial Group by insurance carriers and other financial service providers on both proprietary and non-proprietary products. Override compensation is based upon such factors as aggregate policy premiums paid to a carrier from sales by all Member Firms, aggregate assets placed under financial management from sales by all Member Firms, and profits earned and/or services utilized from sales by all Member Firms. The amount of compensation varies among products and carriers.
- **Reinsurance profits** (or, potentially, losses) from the mortality, investment, and persistency risks assumed by M Financial Re on certain proprietary and non-proprietary policies.

M Financial Group derives revenue from other sources as well, including:

- Annual **membership fees** paid by Member Firms to M Financial Group.
- **Solicitation fees, 12b-1 fees, sales and other forms of compensation** paid to M Financial Group or its subsidiaries by financial service providers, including without limitation mutual funds and hedge funds that are investment options under variable insurance products sold by Member Firms.
- **Investment advisory fees** with respect to assets invested in the M Funds, a family of proprietary mutual funds that are available as investment options under insurance products.
- **Investment advisory fees** for investment advisory services provided through registered investment advisor subsidiaries of M Financial Group.
- **Brokerage fees or commissions** for securities transactions executed by a registered broker-dealer subsidiary of M Financial Group.
- **Arrangement fees** for life settlements representing a percentage of the compensation paid to the broker arranging the settlement.
- **Administrative and service fees** paid by Member Firms for particular services provided by M Financial Group such as software applications or other services.

Compensation of Member Firms and Producers

The primary source of compensation for Member Firms and their producers is the traditional system of commissions and fees applicable to insurance agents and securities representatives. In addition to the indirect compensation arrangements (described above) which Member Firms and their producers derive from membership in M Financial Group, Member Firms and producers typically receive from unaffiliated financial service providers some or all of the following compensation, as applicable:

- Commissions and other cash and non-cash compensation (sales incentives) paid by the unaffiliated insurance carriers with respect to products offered by the carrier.
- Renewal commissions from unaffiliated carriers for servicing and keeping in force policies previously purchased by clients.
- Commissions and fees for execution of securities transactions.
- Fees for providing investment advisory services.
- Percentage fees for facilitating settlements of existing life insurance contracts.

Compensation to Member Firms and their producers varies, depending upon, among other factors, the product type, the issuer, and the features and/or riders which are attached to the particular product.

Some Member Firms have entered into arrangements under which they receive compensation directly from managers of funds available as investment options under certain private placement variable insurance contracts. Please discuss with your Member Firm representative whether your Member Firm has such an arrangement in place.

Certain Potential Conflicts of Interest

The culture of M Financial Group and its Member Firms is to serve the client. However, clients of Member Firms should be aware that the direct and indirect compensation arrangements described in this summary create economic incentives which could influence recommendations for particular financial products or services (including proprietary products referenced above). These incentives include, but are not limited to, the following:

- Commissions or other compensation in respect of one particular financial service provider, product, investment, or service may exceed commissions or compensation payable in respect of a comparable provider, product, or service.
- Certain policy features or riders may involve commissions or compensation that differ from compensation payable in respect of "base" or standard contractual features.
- Products or services which provide revenue, including override commissions or potential reinsurance profits, to M Financial Group could indirectly provide incentives to producers to recommend such products over similar products or services which do not provide revenue to M Financial Group.

M Financial Group, its Member Firms, and its Member Firms' clients benefit from open discussions concerning all aspects of products, services, and the compensation of producers. If you wish, your Member Firm will discuss with you the types of direct and indirect compensation applicable to particular products or services.

For a list of M Financial Group subsidiaries, and the names of financial services providers from which M Financial Group receives payments or fees or with which M Financial Re maintains reinsurance agreements, please go to www.mfin.com/DisclosureStatement.htm.

The Subsidiaries of M Financial Group

The subsidiaries of M Financial Group are the following:

- M Life Insurance Company(dba M Financial Re)
- M Administrative Services, LLC
- Management Compensation Group Northwest, LLC (dba M Benefit Solutions)
- M Holdings Securities, Inc.
- M Financial Securities Marketing, Inc.
- M Financial Group 401(k) Plan
- M Financial Investment Advisers, Inc.
- M Financial Asset Management, Inc.
- M Financial Wealth Partners, Inc.
- M Subco, Inc.
- Management Partnership (dba M Marketing Company)
- M Financial Bermuda, Ltd.
- M Financial Global Services, Ltd.

Non-Cash Incentive Program

Advisor may receive indirect compensation in the form of an incentive trip provided by M Financial Group. Every two years, M Financial Group calculates the cumulative investment advisory fees and commissions generated by its Member Firms from sales of general securities, securities related insurance products, non-securities related insurance products and the provision of investment advisory services. Member Firms with the highest sales revenue are allowed to designate an individual representative to receive an incentive trip sponsored by M Financial Group. For every dollar generated from these commissions and investment advisory fees, less than 1/100th of a cent of indirect compensation is generated in the form of these incentive trips.

Reinsurance Activities

As mentioned above, nearly all investment advisory representatives of M Securities are also licensed as representatives of our broker/dealer. While insurance products are not sold through our investment advisory relationship with the client, if the client's investment advisory representative is also licensed as a representative of our broker/dealer, the client may purchase insurance products through M Securities.

M Financial Group, the parent company of M Securities and its subsidiaries, does not issue insurance policies or financial services products. However, M Financial Re, a subsidiary of M Financial Group, reinsures a portion of the mortality risk on some policies issued by unaffiliated insurance carriers and sold by our representatives.

Our representatives are free to offer products and services provided by any financial services provider and are not required to offer products or services designed or promoted by M Financial Group.

Proxy Voting

M Securities does not vote proxies on behalf of our advisory clients.

FINANCIAL INFORMATION

Under no circumstances does M Securities require or solicit payment of fees in excess of \$1200 per client more than six months in advance of services rendered. Therefore, M Securities is not required to include a financial statement.

In addition, M Securities is required to disclose any financial condition that is reasonable likely to impair our ability to meet our contractual obligations. M Securities has no additional financial circumstances to report.

M Securities has not ever been the subject of a bankruptcy petition.