

MILLER-GREEN FINANCIAL SERVICES, INC.

CLIENT BROCHURE

SEC File Number: 801 – 60054

**Form ADV Part 2A, Firm Brochure
Dated 3/31/2015**

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This Brochure provides information about the qualifications and business practices of Miller-Green Financial Services, Inc. (“Miller-Green Financial Services”). If you have any questions about the contents of this Brochure, please contact us at (281) 364-9100 or email at service@miller-green.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Miller-Green Financial Services also is available on the SEC’s website at www.adviserinfo.sec.gov.

References herein to Miller-Green Financial Services as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.

Item 2 Material Changes

Apart from revisions to Item 5 disclosing that the firm engages in certain asset-based pricing, there have been no material changes to Miller-Green’s disclosure statement since its last Annual Amendment filing on August 28, 2014. However, this brochure has undergone considerable, non-material stylistic revisions.

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Item 4 Advisory Business

- A. Miller-Green Financial Services, Inc. ("*Miller-Green Financial Services*" or "*MGFS*") is registered with the United States Securities and Exchange Commission, ("*SEC*") and has been in the investment advisory business since 1985. Miller-Green Financial Services is headquartered in The Woodlands, Texas.

Miller-Green Financial Services is wholly owned by Pinnacle Summer Investments Inc., ("*Pinnacle Summer Investments*"), formerly known as The Edelman Financial Group, Inc. which was a public company until it converted to a privately owned company in 2012. If a client or prospective client wishes to review the biographies of the Officers and Directors of Pinnacle Summer Investments or data regarding their affiliated entities, this data is available upon request.

The officers of Pinnacle Summer Investments are not engaged in the day-to-day investment advisory activities at MGFS. These services are carried out under the direction of Jeffrey G. Rhame, CFP®, Managing Director. Don Gilbert is the MGFS's Chief Compliance Officer.

- B. As discussed below, Miller-Green Financial Services offers to its clients investment advisory and consultation services on a fee-basis, and, to the extent specifically requested by a client, limited retirement-related consulting services incidental to the investment management process on matters such as estate planning, tax issues, and insurance needs.

INVESTMENT ADVISORY SERVICES

The client can engage MGFS to provide discretionary or non-discretionary investment advisory services on a fee basis. The MGFS's annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under MGFS's management. Before engaging MGFS to provide investment advisory services, clients are required to enter into an *Investment Advisory Agreement* with MGFS setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the fee that is due from the client.

MGFS's annual investment advisory fee is limited to investment advisory services. As disclosed below, MGFS's annual investment advisory fee **does not** include comprehensive financial planning and/or related consultation services.

MGFS provides investment advisory services specific to the needs of each client. Before providing investment advisory services, an investment adviser representative will ascertain each client's investment objectives. Then, MGFS will allocate and/or recommend that the client allocate investment assets consistent with the designated investment objectives. MGFS primarily allocates or recommends that clients allocate investment assets among: exchange-listed stocks, mutual fund shares, options, corporate debt, exchange traded funds ("*ETFs*"), and potentially US government securities on a discretionary and non-discretionary basis in accordance with the client's designated investment objective(s). Once allocated, MGFS provides ongoing monitoring and review of account performance, asset allocation and client investment objectives.

Financial Planning and Non-Investment Consulting/Implementation Services

MGFS **does not** provide comprehensive financial planning services. Rather, to the extent requested by the client, MGFS may provide limited retirement-related consulting services incidental to the investment management process on matters such as estate planning, tax issues, and insurance needs. Neither MGFS, nor any of its representatives, serves as an attorney or accountant, and no portion of MGFS' services should be construed as same. To the extent requested by a client, MGFS may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, securities brokers, insurance, etc.), including representatives of MGFS in their separate individual capacities as registered representatives of Sanders Morris Harris, Inc. ("SMH"), the Firm's affiliated SEC registered and FINRA member broker-dealer, and as licensed insurance agents. 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 MGFS and/or its representatives. **Please Note:** If the client engages any such unaffiliated recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note-Conflict of Interest:** The recommendation by MGFS representatives that a client purchase a securities or insurance commission product from firm representatives in their individual capacities as representatives of SMH and/or as insurance agents, presents a *conflict of interest*, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any securities or insurance commission products from MGFS representatives. Clients are reminded that they may purchase securities and insurance products recommended by MGFS through other, non-affiliated broker-dealers and/or insurance agencies. **MGFS' Chief Compliance Officer, Don E. Gilbert, remains available to address any questions that a client or prospective client may have regarding the above conflicts of interest.**

PLEASE NOTE: Conflict of Interest. SMH, MGFS' affiliated broker-dealer, will serve as the broker-dealer for the client's account(s). SMH shall earn commissions and/or transaction fees for account transactions, a portion of which shall be remitted by SMH to representatives of MGFS in their separate individual capacities as registered representatives of SMH. The transactions fees charged by SMH may be higher than those charged by other broker-dealers. **MGFS' Chief Compliance Officer, Don E. Gilbert, remains available to address any questions that a client or prospective client may have regarding this above conflict of interest.**

Independent Managers. For those clients that require an enhanced and/or specialized level of investment management services, MGFS may also recommend that certain clients authorize MGFS to allocate, on a non-discretionary basis, the active discretionary management of a portion of their assets by and/or among certain independent investment manager[s] to be selected by MGFS (the "*Independent Manager[s]*"), based upon the stated investment objectives of the client. MGFS shall continue to render ongoing and continuous advisory services to the client relative to the monitoring and review of account performance, client investment objectives, and asset allocation, for which MGFS may receive an annual advisory fee which is based upon a percentage of the market value of the assets being managed by the designated *Independent Manager[s]*. Alternatively, MGFS may receive a portion of investment management fees associated with these programs, as outlined in the fee disclosures, for personalized investment services and monitoring. Factors which MGFS shall consider in recommending *Independent Manager[s]* include the client's stated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing,

and research. MGFS generally has the authority to determine the broker-dealer/custodian to be used by the designated *Independent Manager[s]* relative to those accounts for which the *Independent Manager[s]* provide discretionary investment management services for MGFS's clients. The investment management fees charged by the designated *Independent Manager[s]*, together with the fees charged by the corresponding designated broker-dealer/custodian of the client's assets, are exclusive of, and in addition to, MGFS's ongoing investment advisory fee. Fees charged by MGFS pursuant to the use of *Independent Manager[s]* may be either in advance or arrears depending upon the specific *Independent Manager* relationship, and will be disclosed to the client at the time of entering into the relationship.

ANY QUESTIONS: Our Chief Compliance Officer, Don Gilbert, remains available to address any question that a client may have regarding asset based pricing arrangements, and corresponding **conflict and limitations**.

Please Note: Non-Discretionary Service Limitations. Clients that determine to engage MGFS on a non-discretionary investment advisory basis **must be willing to accept** that MGFS cannot effect any account transactions without obtaining prior verbal consent to any such transaction(s) from the client. Thus, in the event of a market correction during which the client is unavailable, MGFS will be unable to effect any account transactions (as it would for its discretionary clients) without first obtaining the client's verbal consent.

In some cases, MGFS also may render non-discretionary investment advisory services to its clients relative to: (1) certain equity positions owned by the client; (2) variable life/annuity products that they may own, and/or (3) their individual accounts held through employer-sponsored retirement plans. In so doing, the MGFS either directs or recommends the allocation of client assets among the various mutual fund subdivisions that comprise the variable life/annuity product or the retirement plan. The client assets shall be maintained at either the specific insurance company that issued the variable life/annuity product which is owned by the client, or at the custodian designated by the sponsor of the client's retirement plan. Investments and service providers relative to Plan offerings are limited to only those available through the respective Plans and are determined by the Plan Sponsor(s).

Client Obligations. In performing its services, MGFS shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify MGFS if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising MGFS' previous recommendations and/or services.

Please Note: Investment Risk. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by MGFS) will be profitable or equal any specific performance level(s).

Please Note: Retirement Rollovers-No Obligation/Conflict of Interest: A client or prospective client is under absolutely no obligation to engage MGFS as the investment adviser for his/her employer sponsored retirement account. Rather, a client can continue to self-direct his/her retirement account at his/her employer. If the client determines that he/she would like

MGFS' assistance, MGFS shall charge a separate and additional advisory fee for its ongoing advisory services. The client will not incur this separate and additional advisory fee if he/she determines to continue to self-direct his/her account. As a result, any recommendation by MGFS that a client engage MGFS to manage his/her retirement account presents a conflict of interest since MGFS shall derive an economic benefit from such engagement. Again, a client is under absolutely no obligation to engage MGFS as the investment adviser for his/her retirement account.

Disclosure Statement. A copy of MGFS's written Brochure as set forth on Part 2A of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the *Investment Advisory Agreement*.

- C. MGFS shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, MGFS shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at any time, impose reasonable restrictions, in writing, on MGFS's services.
- D. MGFS does not participate in a wrap fee program.
- E. As of December 31, 2014 MGFS had \$440,373,156 in assets under management on a discretionary basis and \$26,896,161 in assets under management on a non-discretionary basis.

Item 5 Fees and Compensation

A. INVESTMENT ADVISORY SERVICES

The client can engage MGFS to provide discretionary or non-discretionary investment advisory services on a fee basis. MGFS's negotiable annual investment advisory fee shall generally be based upon a percentage (%) of the market value and type of assets placed under MGFS's management, between negotiable and 1.00% on a tiered basis, which is paid on a pro rata quarterly basis, as follows:

<u>Market Value of Portfolio</u>	<u>Annual Fee %</u>
First \$100,000	1.00%
Next \$100,000	0.75%
Next \$100,000	0.50%
More than \$300,000.01	0.25%

For clients invested in Stock and/or Options Program, the assets are managed on a discretionary basis and the Investment Management fee is equal to 1.25% annually. For clients invested in the Tactical Asset Allocation Portfolio ("TAAP"), the annual investment management fee is 1.25% with the following breakpoints:

On the first \$700,000	1.25% *
Next \$300,000	1.10% *
More than \$1,000,000.01	0.95% *

Please Note: Asset Based Pricing Limitations: We typically negotiate asset based pricing with the account custodian, generally Pershing. Under an asset based pricing arrangement, the amount that you will pay for account commission/transaction fees is based upon a percentage (%) of the market value of your account (generally, the greater the market value, the lower the %), as opposed to transaction based pricing, which assesses a separate commission/transaction fee for each account transaction. Account investment decisions are driven by security selection and anticipated market conditions and not the amount of transaction fees payable by you to the account custodian. You can request at any time to switch from asset based pricing to transactions based pricing. However, there can be no assurance that the volume of transactions will be consistent from year-to-year given market events and security selection. Thus, given the variances in trading volume, any decision by you to switch to transaction based pricing, could potentially prove to be economically disadvantageous. **ANY QUESTIONS:** Our Chief Compliance Officer, Don Gilbert, remains available to address them.

From time to time, MGFS may conduct General Educational Programs for companies and individuals. The content of presentations may include general information relating to investment management, financial planning, retirement plans, insurance strategies, college funding, estate and retirement preparation and planning topics. MGFS may provide these services on a complimentary basis. Where services are provided to companies or professional organizations, or where the content/scope of materials are more extensive, a fee may apply. Any fee would be based upon complexity, materials provided, time and effort and other factors. The fee, if ever applicable would be agreed to at the time of engagement. In each case, the MGFS's general educational programs do not provide individualized advice or services. Attendees are welcome but are never under any obligation to engage MGFS for individualized services.

- B. Clients may elect to have MGFS's advisory fees deducted from their custodial account. Both MGFS's *Investment Advisory Agreement* and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of MGFS's investment advisory fee and to directly remit that management fee to MGFS in compliance with regulatory procedures. In the limited event that MGFS bills the client directly, payment is due upon receipt of MGFS's invoice. MGFS shall deduct fees and/or bill clients quarterly in arrears, based upon the market value of the assets on the last business day of the previous quarter.
- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, MGFS shall generally recommend that Sanders Morris Harris ("SMH") or *Pershing*, a member of the New York Stock Exchange serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as *Pershing* and *SMH* 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 MGFS's investment management fee, brokerage commissions and/or transaction fees, clients 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). When beneficial to the client, individual fixed-income and/or equity transactions may be effected through broker-dealers with whom MGFS and/or the client have entered into arrangements for prime brokerage clearing services, including effecting certain client transactions through other SEC registered and FINRA

member broker-dealers (in which event, the client may incur both the transaction fee charged by the executing broker-dealer and a “trade-away” fee charged by *Pershing*).

- D. MGFS’s annual investment advisory fee shall be prorated and paid quarterly in arrears, based upon the market value of the assets on the last business day of the previous quarter. MGFS generally does not require a minimum annual investment advisory fee. MGFS, in its sole discretion, may reduce its investment advisory fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, familial relationship, dollar amount of assets to be managed, related accounts, account composition, etc.).

The *Investment Advisory Agreement* between MGFS and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Advisory Agreement*. Upon termination, MGFS shall debit the account or provide an invoice due upon receipt for the pro-rated portion of the unpaid advanced advisory fee based upon the number of days that services were provided during the billing month or billing quarter, as applicable.

- E. **Securities Commission Transactions.** In the event that the client desires, the client can engage MGFS’s supervised persons in their individual capacities as registered representatives of our affiliated SEC registered and FINRA member broker-dealer, SMH, to purchase investment-related products on a non-discretionary commission basis. In the event the client chooses to purchase investment products through SMH, SMH will charge brokerage commissions to effect securities transactions, a portion of which commissions SMH shall pay to MGFS’s representatives, as applicable. The brokerage commissions charged by SMH may be higher or lower than those charged by other broker-dealers. In addition, SMH, as well as MGFS’s representatives, relative to commission mutual fund purchases, may also receive additional ongoing 12b-1 trailing commission compensation directly from the mutual fund company during the period that the client maintains the mutual fund investment.
- F. Many clients of Miller-Green hold concentrated positions of securities issued by their former-employers. Miller-Green manages certain of those securities at no cost or at a discounted/negotiated rate. Clients who transfer portable assets accumulated through their corporate incentive and retirement plans may be managed at no cost or a negotiated rate.
1. **Conflict of Interest:** The recommendation that a client purchase a commission product from SMH presents a *conflict of interest*, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client’s needs. No client is under any obligation to purchase any commission products from SMH. **MGFS’s Chief Compliance Officer, Don Gilbert, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**
 2. **Please Note:** Clients may purchase investment products recommended by MGFS through other non-affiliated broker dealers or agents.

Item 6 Performance-Based Fees and Side-by-Side Management

Neither MGFS nor any supervised person of MGFS accepts performance-based fees.

Item 7 Types of Clients

MGFS's clients shall generally include individuals, high net worth individuals, trusts, estates and charitable organizations, corporations and other business entities. MGFS does not currently maintain a minimum for asset management services.

Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

A. MGFS may utilize the following methods of security analysis:

- Charting - (analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices)
- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
- Technical - (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)
- Cyclical - (analysis performed on historical relationships between price and market trends, to forecast the direction of prices)

MGFS may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)
- Trading (securities sold within thirty (30) days)
- Options (contract for the purchase or sale of a security at a predetermined price during a specific period of time)

Please Note: Investment Risk. Investing in securities involves risk of loss that clients should be prepared to bear. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by MGFS) will be profitable or equal any specific performance level(s). **Please Also Note:** Investing in securities involves risk of loss that clients should be prepared to bear.

B. MGFS's methods of analysis and investment strategies do not present any significant or unusual risks.

However, every method of analysis has its own inherent risks. To perform an accurate market analysis MGFS must have access to current/new market information. MGFS has no control over the dissemination rate of market information; therefore, unbeknownst to MGFS, certain analyses may be compiled with outdated market information, severely limiting the value of MGFS's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

MGFS's primary investment strategies - Long Term Purchases, Short Term Purchases, and Trading—are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a

result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy. Trading, an investment strategy that requires the purchase and sale of securities within a thirty (30) day investment time period, involves a very short investment time period but will incur higher transaction costs when compared to a short term investment strategy and substantially higher transaction costs than a longer term investment strategy.

In addition to the fundamental investment strategies discussed above, MGFS may also implement and/or recommend options transactions. Options trading and transactions have a high level of inherent risk. (*See* discussion below).

The use of options transactions as an investment strategy involves a high level of inherent risk. Option transactions establish a contract between two parties concerning the buying or selling of an asset at a predetermined price during a specific period of time. During the term of the option contract, the buyer of the option gains the right to demand fulfillment by the seller. Fulfillment may take the form of either selling or purchasing a security depending upon the nature of the option contract. Generally, the purchase or the recommendation to purchase an option contract by MGFS shall be with the intent of offsetting/"hedging" a potential market risk in a client's portfolio. **Please Note:** Although the intent of the options-related transactions that may be implemented by MGFS is to hedge against principal risk, certain of the options-related strategies (i.e. straddles, short positions, etc.), may, in and of themselves, produce principal volatility and/or risk. Thus, a client must be willing to accept these enhanced volatility and principal risks associated with such strategies. In light of these enhanced risks, client may direct MGFS, in writing, not to employ any or all such strategies for his/her/their/its accounts.

- C. MGFS recommends asset allocations based on a particular client's: economic situation, liquidity needs, risk tolerance, proposed investment period, need for diversification, reliance upon current income, present and anticipated tax situation. MGFS also considers historical yields, potential appreciation and marketability before making investment recommendations. MGFS recommends and manages many types of asset allocations, including: exchange-listed securities, mutual fund shares, corporate debt, ETFs, US government securities, real estate investment trusts, and certificates of deposit on a discretionary basis in accordance with the client's designated investment objective(s).

Item 9 Disciplinary Information

MGFS has not been the subject of any disciplinary actions.

Item 10 Other Financial Industry Activities and Affiliations

- A. MGFS is not registered and it does not have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer. However, as disclosed above in Item 5.E, certain of MGFS's representatives are registered representatives of Sanders Morris Harris, Inc. ("SMH"), an affiliated SEC Registered and FINRA member broker-dealer. Clients may choose to engage certain of MGFS's representatives, in their individual capacities as registered representatives of SMH, to effect securities brokerage transactions on a commission basis. Pinnacle Summer Investments, which principally owns MGFS is also the parent company of Sanders Morris Harris Inc.

Conflict of Interest: The recommendation by MGFS's Associated Persons, that a client purchase a securities commission product presents a material conflict of interest, as the receipt of commissions may provide an incentive to recommend investment products based on commissions received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from MGFS's Associated Persons. Clients are reminded that they may purchase securities commissioned products recommended by MGFS through other, non-affiliated broker dealers. **MGFS' Chief Compliance Officer, Don E. Gilbert, remains available to address any questions that a client or prospective client may have regarding the above conflicts of interest.**

- B. Neither MGFS, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. **Insurance Agents.** MGFS does not engage in the sale of insurance products to advisory clients. However, certain of MGFS's representatives, in their individual capacities, are licensed insurance agents, and may recommend the purchase of certain insurance-related products on a commission basis. As referenced in Item 4.B above, clients can engage certain of MGFS's representatives to purchase insurance products on a commission basis. Any activity by your investment adviser representative as an insurance agent is separate from and outside of his or her role on behalf MGFS.

Conflict of Interest: The recommendation by MGFS's Associated Persons, that a client purchase an insurance commission product presents a material conflict of interest, as the receipt of commissions may provide an incentive to recommend insurance products based on commissions received, rather than on a particular client's need. No client is under any obligation to purchase any commission product from MGFS's Associated Persons. Clients are reminded that they may purchase insurance commissioned products recommended by MGFS through other unaffiliated insurance agents or agencies. **MGFS' Chief Compliance Officer, Don E. Gilbert, remains available to address any questions that a client or prospective client may have regarding the above conflicts of interest.**

- D. **Independent Managers.** For those clients that require an enhanced and/or specialized level of investment management services, MGFS may also recommend that certain clients authorize MGFS to allocate, on a non-discretionary basis, the active discretionary management of a portion of their assets by and/or among certain independent investment manager[s] to be selected by MGFS (the "*Independent Manager[s]*"), based upon the stated investment objectives of the client. MGFS shall continue to render ongoing and continuous advisory services to the client relative to the monitoring and review of account performance, client investment objectives, and asset allocation, for which MGFS shall receive an annual advisory fee which is based upon a percentage of the market value of the assets being managed by the designated *Independent Manager[s]*. Factors which MGFS shall consider in recommending *Independent Manager[s]* include the client's stated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research. MGFS generally has the authority to determine the broker-dealer/custodian to be used by the designated *Independent Manager[s]* relative to those accounts for which the *Independent Manager[s]* provide discretionary investment management services for MGFS's clients. The investment management fees charged by the designated *Independent Manager[s]*, together with the fees charged by the corresponding designated broker-dealer/custodian of the client's assets, are exclusive of, and in addition to, MGFS's ongoing investment advisory fee. Fees charged by MGFS pursuant to the use of *Independent Manager[s]* may be either in advance

or arrears depending upon the specific *Independent Manager* relationship, and will be disclosed to the client at the point of entering into the advisory relationship.

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

- A. MGFS maintains an investment policy relative to personal securities transactions. This investment policy is part of MGFS's overall Code of Ethics, which serves to establish a standard of business conduct for all of MGFS's Representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request. In accordance with Section 204A of the Investment Advisers Act of 1940, MGFS also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by MGFS or any person associated with MGFS.
- B. Neither MGFS nor any related person of MGFS recommends, buys, or sells for client accounts, securities in which MGFS or any related person of MGFS has a material financial interest except as stated in Item 10, Conflicts of Interest.
- C. MGFS and/or representatives of MGFS *may* buy or sell securities that are also recommended to clients. This practice may create a situation where MGFS and/or representatives of MGFS are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if MGFS did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed before those of MGFS's clients) and other potentially abusive practices.

MGFS has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of MGFS's "Access Persons." MGFS's securities transaction policy requires that Access Person of MGFS must provide the Chief Compliance Officer or his/her designee with a written report of the their current securities holdings within ten (10) days after becoming an Access Person. Furthermore, Access Persons must provide the Chief Compliance Officer with a quarterly transaction report, detail all trades in the Access Person's account during the previous quarter; and on an annual basis, each Access Person must provide the Chief Compliance Officer with a written report of the Access Person's current securities holdings.

- D. MGFS and/or representatives of MGFS *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where MGFS and/or representatives of MGFS are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11C, MGFS has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of MGFS's Access Persons.

Item 12 Brokerage Practices

- A. In the event that the client requests that MGFS recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct MGFS to use a specific broker-dealer/custodian), MGFS generally recommends that investment advisory accounts be maintained at SMH and/or Pershing. Prior to engaging MGFS to provide investment advisory services, the client will be required to enter into a formal Investment Advisory Agreement with MGFS setting forth the terms and conditions under which MGFS shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Further, as discussed above, certain of MGFS's representatives, in their individual capacities are registered representatives of SMH. These representatives are subject to NASD Rule 3040, which restricts registered representatives from conducting securities transactions away from their broker-dealer unless SMH provides written consent. Therefore, clients are advised that certain associated persons may be restricted to conducting securities transactions through SMH unless they first secure written consent from SMH to execute securities transactions through a different broker-dealer. Absent such written consent or separation from SMH, these representatives are prohibited from executing securities transactions through any broker-dealer other than SMH under SMH's internal supervisory policies. MGFS is cognizant of its duty to obtain best execution and has implemented policies and procedures reasonably designed in such pursuit.

Factors that MGFS considers in recommending SMH and/or Pershing (or any other broker-dealer/custodian to clients) include historical relationship with MGFS, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by MGFS's clients shall comply with MGFS's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where MGFS determines, in good faith, that the commission/transaction fee is reasonable. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of broker-dealer services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although MGFS will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, MGFS's investment advisory fee. MGFS's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

PLEASE NOTE: Conflict of Interest. SMH, MGFS' affiliated broker-dealer, will generally serve as the broker-dealer for client accounts. SMH shall earn commission and/or transaction fees for account transactions, a portion of which shall be remitted by SMH to representatives of MGFS in their separate individual capacities as registered representatives of SMH. The transactions fees charged by SMH may be higher than those charged by other broker-dealers. SMH and MGFS are both owned by Pinnacle Summer Investments.

MGFS' Chief Compliance Officer, Don E. Gilbert, remains available to address any questions that a client or prospective client may have regarding the above conflicts of interest.

1. Research Benefits. MGFS may receive from SMH and/or Pershing (or another broker-dealer/custodian, investment platform, investment product sponsor and/or unaffiliated investment manager), without cost (and/or at a discount) support services and/or products, certain of which may assist MGFS to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by MGFS may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis travel expenses and attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by MGFS in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that may be received may assist MGFS in managing and administering client accounts. Others do not directly provide such assistance, but rather assist MGFS to manage and further develop its business enterprise.

2. MGFS does not receive referrals from broker-dealers.
3. MGFS does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and MGFS 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 MGFS. 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.

Please Note: In the event that the client directs MGFS 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 MGFS.

MGFS’s Chief Compliance Officer, Don E. Gilbert, remains available to address any questions that a client or prospective client may have regarding the above arrangements and any corresponding perceived conflicts of interest any such arrangement may create.

Item 13 Review of Accounts

- A. For those clients to whom MGFS provides investment supervisory services, account reviews are conducted on an ongoing basis by Jeffrey Rhame, CFP® and other advisory representatives. All investment supervisory clients are advised that it remains their responsibility to advise MGFS of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with MGFS on an annual basis.
- B. MGFS *may* conduct account reviews other than on a periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.

- C. Clients are provided, at least quarterly, with written (or electronic) transaction confirmation notices and regular written (or electronic) summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts.

Item 14 Client Referrals and Other Compensation

- A. As referenced in Item 12.A.1 above, MGFS may receive an economic benefit from *SMH* or *Pershing*. MGFS, without cost (and/or at a discount), may receive support services and/or products from *SMH* or *Pershing* (which may include direct monetary assistance from *SMH* or *Pershing* to obtain certain services or products).

MGFS's clients do not pay more for investment transactions effected and/or assets maintained at *SMH* or *Pershing* as a result of this arrangement. There is no corresponding commitment made by MGFS to *SMH* or *Pershing* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

MGFS's Chief Compliance Officer, Don E. Gilbert, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.

- B. MGFS does not compensate, directly or indirectly, any person, other than its representatives, for client referrals.

Item 15 Custody

MGFS shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written (or electronic) transaction confirmation notices and regular written (or electronic) summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts.

Please Note: To the extent that MGFS provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by MGFS with the account statements received from the account custodian. **Please Also Note:** The account custodian does not verify the accuracy of MGFS's advisory fee calculation.

Item 16 Investment Discretion

The client can determine to engage MGFS to provide investment advisory services on a discretionary basis. Prior to MGFS assuming discretionary authority over a client's account, the client shall be required to execute an *Investment Advisory Agreement*, naming MGFS as the client's attorney and agent in fact, granting MGFS full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage MGFS on a discretionary basis may, at any time, impose restrictions, **in writing**, on MGFS's discretionary authority (i.e. limit the types/amounts of particular

securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe MGFS's use of margin, etc.)

Item 17 Voting Client Securities

- A. MGFS does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities 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.
- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact MGFS to discuss any questions they may have with a particular solicitation.

Item 18 Financial Information

- A. MGFS does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. MGFS is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. MGFS has not been the subject of a bankruptcy petition.

ANY QUESTIONS: MGFS' Chief Compliance Officer, Don E. Gilbert, CFP, remains available to address any questions regarding this Part 2A.