

## **Brochure**

### **Form ADV Part 2A**

#### **Item 1 - Cover Page**



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This brochure provides information about the qualifications and business practices of MWM 1835, LLC. If you have any questions about the contents of this brochure, please contact us at (855) 696-1835 or [sarnold@themwmgroup.com](mailto:sarnold@themwmgroup.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state authority.

MWM 1835, LLC is an investment advisory firm registered with the appropriate regulatory authority. Registration does not imply a certain level of skill or training. Additional information about MWM 1835, LLC also is available on the SEC's website at [www.AdviserInfo.sec.gov](http://www.AdviserInfo.sec.gov).

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

This Brochure is prepared in the revised format required beginning in 2011. Registered Investment Advisers are required to use this format to inform clients of the nature of advisory services provided, types of clients served, fees charged, potential conflicts of interest and other information. Various state regulations require us to either deliver or offer to deliver the Brochure at least annually, and we will comply with these regulations. The Brochure requirements include providing a Summary of Material Changes (the "Summary") reflecting any material changes to our policies, practices, or conflicts of interest made since our last required "annual update" filing. In the event of any material changes, such Summary is provided to all clients within 120 days of our fiscal year-end. Of course the complete Brochure is available to clients at any time upon request. In accordance with federal guidelines, MWM is in the process of switching its registration from the US Securities and Exchange Commission to the California Department of Business Oversight.

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#### ***Item 4 - Advisory Business***

##### General Information

MWM 1835, LLC (DBA "MWM"), a Delaware limited liability company, was formed in 2013, and provides Portfolio and Private Wealth Management Services to its clients.

The Malloy Family Trust is the principal owner of MWM. William M. Malloy, III and Shenell S. Malloy are Co-Trustees of the Trust. Please see ***Brochure Supplement***, Exhibit A, for more information on Bill Malloy as well as others who formulate investment advice and have direct contact with clients, or have discretionary authority over client accounts.

As of December 31, 2014, MWM managed \$22,274,720 on a discretionary basis, and no assets on a non-discretionary basis.

#### **SERVICES PROVIDED**

At the outset of each client relationship, MWM spends time with the client, asking questions, discussing the client's investment experience and financial circumstances, and broadly identifying major goals of the client. MWM generally develops with each client:

- a financial outline for the client based on the client's financial circumstances and goals, and the client's risk tolerance level (the "Financial Profile"); and
- the client's investment objectives and guidelines (the "Investment Plan").

The Financial Profile is a reflection of the client's current financial picture and a look to the future goals of the client. The Investment Plan outlines the types of investments MWM will make on behalf of the client to meet those goals. The Profile and the Plan are discussed regularly with each client, but are not necessarily written documents.

##### Portfolio and Private Wealth Management Services

As described above, at the beginning of a client relationship, MWM meets with the client, gathers information, and performs research and analysis as necessary to develop the client's Investment Plan. The Investment Plan will be updated from time to time when requested by the client, or when determined to be necessary or advisable by MWM based on updates to the client's financial or other circumstances.

To implement the client's Investment Plan, MWM will manage the client's investment portfolio on a discretionary basis. As a discretionary investment adviser, MWM will have the authority to supervise and direct the portfolio without prior consultation with the client. This authority includes the ability to retain sub-advisers as MWM believes are appropriate in light of client circumstances. Please see the section on Sub-Advisers further below in this Item 4.

Notwithstanding the foregoing, clients may impose certain written restrictions on MWM in the management of their investment portfolios, such as prohibiting the inclusion of certain types of investments in an investment portfolio or prohibiting the sale of certain investments held in the account at the commencement of the relationship. Each client should note, however, that restrictions imposed by a client may adversely affect the composition and performance of the client's investment portfolio. Each client should also note that his or her investment portfolio is treated individually by giving consideration to each purchase or sale for the client's account. For these and other reasons, performance of client investment portfolios within the same investment objectives, goals and/or risk tolerance may differ and clients should not expect that the composition or performance of their investment portfolios would necessarily be consistent with similar clients of MWM.

### Sub-Advisers

When appropriate and in accordance with the Investment Plan for a client, MWM will engage one or more other investment advisers, each a “Sub-adviser”. Having access to various Sub-Advisers offers a wide variety of manager styles, and offers clients the opportunity to utilize more than one Sub-Adviser if necessary to meet the needs and investment objectives of the client. MWM will select or recommend the Sub-Adviser(s) it deems most appropriate for the client. Factors that MWM considers in recommending/selecting Sub-Advisers generally includes the client’s stated investment objective(s), management style, performance, risk level, reputation, financial strength, reporting, pricing, and research.

The Sub-Adviser(s) may be granted discretionary trading authority to provide investment supervisory services for the portfolio. MWM retains the authority to terminate the Sub-Adviser’s relationship or to add new Sub-Advisers without specific client consent. Fees paid to such Sub-Adviser(s) are included in the fee assessed by MWM.

In any case, with respect to assets managed by a Sub-Adviser, MWM’s role will be to monitor the overall financial situation of the client, to monitor the investment approach and performance of the Manager(s), and to assist the client in understanding the investments of the portfolio. MWM will take commercially reasonable steps to ensure that any such Sub-Advisers are properly licensed or registered as investment advisers, or are otherwise able to rely upon an exclusion or exemptions from such licensing or registration.

Sub-Advisers do not pay a referral fee to MWM.

### MWM Wrap Program

Some clients may engage MWM through its wrap program (the “MWM Wrap Program” or the “Program”) in order to simplify the payment of management fees and brokerage expenses. The Program does not at present include any outside managers, but exists solely for administrative expediency in combining brokerage expenses with MWM’s portfolio management fees.

### Private Investments

From time to time and as appropriate in light of individual client circumstances, MWM may recommend investment in private funds, some of which may be under some degree of common control with MWM. When private funds with some affiliation with MWM are recommended, clients will only be assessed either a management fee by MWM or will pay a prorated share of the management fee assessed by the fund(s). If MWM recommends a private fund with no connection to MWM or its Management Persons, MWM will assess its management fee and the client will also pay its share of the fund’s expenses as stated in the governing documents of such fund(s). MWM does not receive a referral fee from such private fund managers. Please see Items 5, 10 and 15 for more information regarding these investments.

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

### General Fee Information

Clients enter into one of two fee arrangements. Clients may pay management fees to MWM separately from the brokerage expenses of the account. Accordingly, client accounts pay a management fee, plus the cost of transactions in the account. Please see ***Item 12 - Brokerage Practices*** for additional information.

Alternatively, MWM may recommend that clients participate in the MWM Wrap Program. The Program fee structure includes the brokerage expenses (*e.g.*, commissions, ticket charges, etc.) of the account as well as the management fee paid to MWM. Under the all-inclusive billing alternative, MWM will assess one client fee that captures the management, brokerage and administrative portions collectively.

Inasmuch as MWM pays to the executing broker the transaction and execution costs associated with client accounts, this may create a disincentive for MWM to trade securities in accounts.

In either of these arrangements, the fees noted above are separate and distinct from the internal fees and expenses charged by mutual funds, ETFs (exchange traded funds) or other investment pools to their shareholders (generally including a management fee and fund expenses, as described in each fund's prospectus or offering materials). The client should review all fees charged by funds, brokers, MWM and others to fully understand the total amount of fees paid by the client for investment and financial-related services.

We believe our fees are competitive; however, you may be able to obtain similar services from other sources at a lower price.

#### Portfolio Management Fees

Fees are individually negotiated with each client and range up to an annual rate of 2% of assets under management.

The minimum annual fee for any account is \$5,000. MWM may, at its discretion, make exceptions to the foregoing or negotiate special fee arrangements where MWM deems it appropriate under the circumstances.

Portfolio management fees are generally payable quarterly, in advance. Fees are prorated for deposits of \$10,000 or more. If management begins after the start of a quarter, fees will be prorated accordingly. With client authorization, unless other arrangements are made fees are normally debited directly from client account(s).

Either MWM or the client may terminate their Investment Management Agreement at any time, subject to any written notice requirements in the agreement. In the event of termination, any paid but unearned fees will be promptly refunded to the client based on the number of days that the account was managed, and any fees due to MWM from the client will be invoiced or deducted from the client's account prior to termination.

#### MWM Wrap Program Fees

As described above, clients may participate in MWM's Wrap Program. Clients participating in the Wrap Program will generally pay a negotiated fee as described above, but do not separately pay brokerage expenses in the account(s) managed by MWM. The minimum annual fee for any account is \$5,000. MWM may, at its discretion, make exceptions to the foregoing or negotiate special fee arrangements where MWM deems it appropriate under the circumstances.

#### Sub-Adviser Fees

Fees paid to Sub-Advisers are included in the fee described above. Clients do not pay a separate fee to Sub-Advisers.

#### Private Investment Fees

As stated above, MWM may recommend investment in private funds. When private funds with some affiliation with MWM are recommended, clients will only be assessed either a management fee by MWM or will pay a prorated share of the management fee assessed by the fund(s). If MWM recommends a private fund with no connection to MWM or its Management Persons, MWM will assess its management fee and the client will also pay its share of the fund's expenses as stated in the subscription documents of

the fund(s). MWM will adjust its advisory fee if and as necessary to ensure that no client's total annual management fee exceeds 3%.

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

Private funds often have a performance-based fee component in addition to an asset-based component. Under such a performance-based fee arrangement, the fund assesses the investors a percentage of the net profits experienced by the fund. Performance-based fees are normally based on gains above a benchmark, or "hurdle rate", each year.

Performance-based fee arrangements are only available to clients who meet the eligibility requirements of Rule 205-3 under the Investment Advisers Act of 1940. The minimum requirements under the rule state that the client generally is not eligible unless he/she has at least \$1,000,000 under management with MWM or has a net worth of at least \$2,000,000. Performance-based fees are calculated and assessed in arrears, and the client should carefully review the fee calculations for accuracy.

Performance-based fee arrangements can create certain conflicts of interest for MWM. For example, performance-based fee arrangements may create an incentive for MWM to take more risk in a client's portfolio than MWM would otherwise take in a non-performance fee based account. In addition, MWM may have an incentive to favor performance-based accounts by placing trades for these accounts before non-performance fee based accounts.

MWM may recommend that clients invest in private funds for which MWM's related persons serve as General Partner or in a similar capacity. In such instances, clients do not pay an advisory fee to MWM, but are assessed only the private fund's fees on those assets.

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

MWM serves high net worth individuals, pension and profit-sharing plans, corporations, trusts, estates and charitable organizations. While the fee for each engagement is individually negotiated, MWM generally imposes a minimum annual fee of \$5,000. Under certain circumstances and in its sole discretion, MWM may negotiate such minimums.

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

##### Methods of Analysis

In accordance with the Investment Plan, MWM will primarily invest in mutual funds, ETFs, common stock and bonds. When appropriate, MWM will recommend the use of one or more Managers, and may recommend alternative investments. Recommended alternative investments may have managers or general partners with some common ownership with MWM, which creates the potential for a conflict of interest.

In selecting individual stocks for an account, MWM generally applies traditional fundamental analysis including, without limitation, the following factors:

- Financial strength ratios;
- Price-to-earnings ratios;
- Dividend yields; and
- Growth rate-to-price earnings ratios.

MWM will incorporate other methods of analysis, such as:

**Charting Analysis** – involves gathering and processing price and volume information for a particular security. MWM’s charting analysis includes, without limitation:

- mathematical analysis; and
- graphing charts; and estimations of future price movements based on perceived patterns and trends.

**Technical Analysis** – involves studying past price patterns and trends in the financial markets to predict the direction of both the overall market and specific stocks.

**Cyclical Analysis** – is a type of technical analysis that involves evaluating recurring price patterns and trends.

Mutual funds and ETFs are generally evaluated and selected based on a variety of factors, including, as applicable and without limitation, past performance, fee structure, portfolio manager, fund sponsor, overall ratings for safety and returns, and other factors.

Fixed income investments may be used as a strategic investment, as an instrument to fulfill liquidity or income needs in a portfolio, or to add a component of capital preservation. MWM may evaluate and select individual bonds or bond funds based on a number of factors including, without limitation, rating, yield and duration.

Investment Strategies:

MWM’s strategic approach is to invest each portfolio in accordance with the Plan that has been developed specifically for each client. This means that the following strategies may be used in varying combinations over time for a given client, depending upon the client’s individual circumstances.

Long Term Purchases – securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.

Short Term Purchases – securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities’ short term price fluctuations.

Trading – generally considered holding a security for less than thirty (30) days.

Risk of Loss

While MWM seeks to diversify clients’ investment portfolios across various asset classes consistent with their Investment Plans in an effort to reduce risk of loss, all investment portfolios are subject to risks. Accordingly, there can be no assurance that client investment portfolios will be able to fully meet their investment objectives and goals, or that investments will not lose money.

Below is a description of several of the principal risks that client investment portfolios face.

*Management Risks.* While MWM manages client investment portfolios, or recommends one or more Managers, based on MWM’s experience, research and proprietary methods, the value of client investment portfolios will change daily based on the performance of the underlying securities in which they are invested. Accordingly, client investment portfolios are subject to the risk that MWM or a Manager allocates assets to asset classes that are adversely affected by unanticipated market movements, and the risk that MWM’s specific investment choices could underperform their relevant indexes.

*Risks of Investments in Mutual Funds, ETFs and Other Investment Pools.* As described above, MWM or a Manager(s) may invest client portfolios in mutual funds, ETFs and other investment pools (“pooled investment funds”). Investments in pooled investment funds are generally less risky than investing in individual securities because of their diversified portfolios; however, these investments are still subject to risks associated with the markets in which they invest. In addition, pooled investment funds’ success will be related to the skills of their particular managers and their performance in managing their funds. Pooled investment funds are also subject to risks due to regulatory restrictions applicable to registered investment companies under the Investment Company Act of 1940.

*Equity Market Risks.* MWM and any Manager(s) will generally invest portions of client assets directly into equity investments, primarily stocks, or into pooled investment funds that invest in the stock market. As noted above, while pooled investments have diversified portfolios that may make them less risky than investments in individual securities, funds that invest in stocks and other equity securities are nevertheless subject to the risks of the stock market. These risks include, without limitation, the risks that stock values will decline due to daily fluctuations in the markets, and that stock values will decline over longer periods (*e.g.*, bear markets) due to general market declines in the stock prices for all companies, regardless of any individual security’s prospects.

*Fixed Income Risks.* MWM and any Manager(s) may invest portions of client assets directly into fixed income instruments, such as bonds and notes, or may invest in pooled investment funds that invest in bonds and notes. While investing in fixed income instruments, either directly or through pooled investment funds, is generally less volatile than investing in stock (equity) markets, fixed income investments nevertheless are subject to risks. These risks include, without limitation, interest rate risks (risks that changes in interest rates will devalue the investments), credit risks (risks of default by borrowers), or maturity risk (risks that bonds or notes will change value from the time of issuance to maturity).

*Foreign Securities Risks.* MWM and any Manager(s) may invest portions of client assets into pooled investment funds that invest internationally. While foreign investments are important to the diversification of client investment portfolios, they carry risks that may be different from U.S. investments. For example, foreign investments may not be subject to uniform audit, financial reporting or disclosure standards, practices or requirements comparable to those found in the U.S. Foreign investments are also subject to foreign withholding taxes and the risk of adverse changes in investment or exchange control regulations. Finally, foreign investments may involve currency risk, which is the risk that the value of the foreign security will decrease due to changes in the relative value of the U.S. dollar and the security’s underlying foreign currency.

### ***Item 9 - Disciplinary Information***

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client’s evaluation of MWM or the integrity of MWM’s management. MWM has no disciplinary events to report.

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

This Item requires disclosures when MWM or its management persons or related persons, both as defined, have certain relationships which may present potential conflicts of interest between MWM’s clients and MWM, its management or related persons.

- A. Vinee Mehta is a Registered Representative of TPG Securities, Inc. (“TPG”), a FINRA and SIPC member, and registered broker/dealer. As such, he is entitled to receive commissions or other



remuneration on the sale of insurance as well as other products. To protect client interests, MWM's policy is to fully disclose all forms of compensation before any such transaction is executed. Clients will not pay both a commission to these individuals and also pay an advisory fee to MWM on the same pool of assets. These fees are exclusive of each other.

- B. As a result of this relationship, TPG may have access to certain confidential information (*e.g.*, financial information, investment objectives, transactions, and holdings) about MWM clients, even if the client does not establish any account through TPG. If you would like a copy of TPG's privacy notice, please contact MWM's Chief Compliance Officer, Scott Arnold.
- C. Neither MWM nor any of its Managements Persons is registered as or has an application pending to register as a futures commission merchant, commodity pool operator a commodity trading advisor or an associated person of the foregoing entities.
- D. As stated above, Bill Malloy is an indirect owner of MWM. Bill Malloy has a financial interest in a General Partner of a privately offered pooled investment vehicle, Accelerate-IT Ventures Fund I, L.P. (the "Accelerate-IT Fund"). Accelerate-IT Ventures GP, LLC ("AITV") is the General Partner of the Accelerate-IT Fund. Bill Malloy owns a non-controlling interest in AITV. MWM may recommend that advisory clients invest in the Accelerate-IT Fund when appropriate in light of a client's financial circumstances. This creates a conflict of interest for MWM, since Mr. Malloy has a financial interest in the recommended investment. To help mitigate against this conflict, MWM does not assess an advisory fee on any amount of advisory client assets invested in the Accelerate-IT Fund.

Bill Malloy and Shenell Malloy, who is also an indirect owner of MWM, also are the Members of Fortress Investment Management, LLC ("Fortress"). Fortress is the Manager of Income Opportunity Capital ("IOC"), a privately offered pooled investment vehicle that MWM previously recommended to clients when such a recommendation was appropriate in light of a client's financial circumstances. Like with the Accelerate-IT Fund, these recommendations created a conflict of interest for MWM, since Mr. and Mrs. Malloy each have a financial interest in the recommended investment. To help mitigate against this conflict, MWM refunded any 2014 advisory fees assessed on any amount of MWM client assets invested in IOC, and no fees were assessed in 2015. Effective January 2015, MWM discontinued recommending IOC to its clients. In addition, Fortress has elected to close IOC, and is working through the process to accomplish this. IOC is no longer accepting new clients or making new investments. It is expected that the liquidation of IOC will be completed in the summer of 2015.

As noted above, when appropriate based on a client's objectives, MWM may recommend that clients invest in private funds for which MWM's related persons serve as General Partner, in a similar capacity, or otherwise have a financial interest. In such instances, in order to mitigate the conflict of interest presented by the potential for dual fees, clients will only pay the applicable fund's fees on any assets invested in such affiliated funds and will not pay MWM's advisory fee with regard to such assets.

As described in this Item as well as other Items in this Brochure, MWM may recommend investments that are managed by other advisers. Whether related to MWM, its Management Persons or Related Persons in any way, MWM will take commercially reasonable steps to ensure that any such advisers are properly licensed or registered as investment advisers, or are otherwise able to rely upon an exclusion or exemptions from such licensing or registration.

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

### **Code of Ethics and Personal Trading**

MWM has adopted a Code of Ethics (“the Code”), the full text of which is available to you upon request. MWM’s Code has several goals. First, the Code is designed to assist MWM in complying with applicable laws and regulations governing its investment advisory business. Under the Investment Advisers Act of 1940, MWM owes fiduciary duties to its clients. Pursuant to these fiduciary duties, the Code requires persons associated with MWM (managers, officers and employees) to act with honesty, good faith and fair dealing in working with clients. In addition, the Code prohibits such associated persons from trading or otherwise acting on insider information.

Next, the Code sets forth guidelines for professional standards for MWM’s associated persons. Under the Code’s Professional Standards, MWM expects its associated persons to put the interests of its clients first, ahead of personal interests. In this regard, MWM associated persons are not to take inappropriate advantage of their positions in relation to MWM clients.

Third, the Code sets forth policies and procedures to monitor and review the personal trading activities of associated persons. From time to time MWM’s associated persons may invest in the same securities recommended to clients. Under its Code, MWM has adopted procedures designed to reduce or eliminate conflicts of interest that this could potentially cause. The Code’s personal trading policies include procedures for limitations on personal securities transactions of associated persons, reporting and review of such trading. These policies are designed to discourage and prohibit personal trading that would disadvantage clients.

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

As described in Item 10 above, when appropriate MWM may recommend that clients invest in certain private funds for which MWM or its Management Person(s) may serve as General Partner or in a similar capacity. Under such circumstances, Clients will only be assessed *either* MWM’s advisory fee or the management fee imposed by the fund(s). Clients will not pay both fees.

Because associated persons may invest in the same securities as those held in client accounts, MWM has established a policy requiring its associated persons to pre-clear transactions in certain of these securities with the Chief Compliance Officer. The goal of this policy is to avoid any conflict of interest that may present itself in these situations. Some types of securities, such as CDs, treasury obligations and open-end mutual funds are exempt from this pre-clearance requirement. However, in the event of other identified potential trading conflicts of interest, MWM’s goal is to place client interests first.

Finally, if associated persons trade with client accounts (*i.e.*, in a bundled or aggregated trade), and the trade is not filled in its entirety, the associated person’s shares will be removed from the block, and the balance of shares will be allocated among client accounts in accordance with MWM’s written policy.

MWM has disclosed all known and material conflicts of interest with clients in this Brochure and accompanying supporting documents. Any questions or concerns will be promptly addressed by the appropriate Management Person of the firm.

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

### **Best Execution and Benefits of Brokerage Selection**

When given discretion to select the brokerage firm that will execute orders in client accounts, MWM seeks “best execution” for client trades, which is a combination of a number of factors, including, without limitation, quality of execution, services provided and commission rates. Therefore, MWM may use or

recommend the use of brokers who do not charge the lowest available commission in the recognition of research and securities transaction services, or quality of execution. Research services received with transactions may include proprietary or third party research (or any combination), and may be used in servicing any or all of MWM's clients. Therefore, research services received may not be used for the account for which the particular transaction was effected.

MWM generally recommends that clients establish brokerage accounts with Schwab, a FINRA registered broker-dealer, member SIPC, as the qualified custodian to maintain custody of clients' assets. MWM may also effect trades for client accounts at Schwab, or may in some instances, consistent with MWM's duty of best execution and specific agreement with each client, elect to execute trades elsewhere. Although MWM generally recommends that clients establish accounts at Schwab, it is ultimately the client's decision to custody assets with Schwab. MWM is independently owned and operated and is not affiliated with Schwab.

Schwab Advisor Services provides MWM with access to its institutional trading, custody, reporting and related services, which are typically not available to Schwab retail investors. Schwab also makes available various support services. Some of those services help MWM manage or administer our clients' accounts while others help MWM manage and grow our business. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them. These services are not soft dollar arrangements, but are part of the institutional platform offered by Schwab. Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For MWM client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts. Schwab Advisor Services also makes available to MWM other products and services that benefit MWM but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of MWM accounts, including accounts not maintained at Schwab.

Schwab's products and services that assist MWM in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide pricing and other market data; (iv) facilitate payment of MWM's fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Schwab Advisor Services also offers other services intended to help MWM manage and further develop its business enterprise. These services may include: (i) technology compliance, legal and business consulting; (ii) publications and conferences on practice management and business succession; and (iii) access to employee benefits providers, human capital consultants and insurance providers. Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to MWM. Schwab Advisor Services may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to MWM. Schwab Advisor Services may also provide other benefits such as educational events or occasional business entertainment of MWM personnel. In evaluating whether to recommend that clients custody their assets at Schwab, MWM may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

MWM also participates in the Fidelity Institutional Wealth Services (“FIWS”) service program. While there is no direct link between the investment advice MWM provides and participation in the FIWS program, MWM receives certain economic benefits from the FIWS program. These benefits may include software and other technology that provides access to client account data (such as trade confirmations and account statements), facilitates trade execution (and allocation of aggregated orders for multiple client accounts), provides research, pricing information and other market data, facilitates the payment of MWM’s fees from its clients’ accounts, and assists with back-office functions, recordkeeping and client reporting. Many of these services may be used to service all or a substantial number of MWM’s accounts, including accounts not held at FIWS. FIWS may also make available to MWM other services intended to help MWM manage and further develop its business. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. In addition, FIWS may make available, arrange and/or pay for these types of services to be rendered to MWM by independent third parties. FIWS may discount or waive fees it would otherwise charge for some of these services, pay all or a part of the fees of a third-party providing these services to MWM, and/or FIWS may pay for travel expenses relating to participation in such training. Finally, participation in the FIWS program provides MWM with access to mutual funds which normally require significantly higher minimum initial investments or are normally available only to institutional investors.

The benefits received through participation in the FIWS program do not necessarily depend upon the proportion of transactions directed to FIWS. The benefits are received by MWM, in part because of commission revenue generated for FIWS by MWM’s clients. This means that the investment activity in client accounts is beneficial to MWM, because FIWS does not assess a fee to MWM for these services. This creates an incentive for MWM to continue to recommend FIWS to its clients. While it may be possible to obtain similar custodial, execution and other services elsewhere at a lower cost, MWM believes that FIWS provides an excellent combination of these services. These services are not soft dollar arrangements, but are part of the institutional platform offered by Brokerage Firm.

#### Directed Brokerage

MWM does not generally allow directed brokerage accounts.

#### Aggregated Trade Policy

MWM may enter trades as a block where possible and when advantageous to clients whose accounts have a need to buy or sell shares of the same security. This method permits the trading of aggregate blocks of securities composed of assets from multiple client accounts. It allows MWM to execute trades in a timely, equitable manner, and may reduce overall costs to clients.

MWM will only aggregate transactions when it believes that aggregation is consistent with its duty to seek best execution (which includes the duty to seek best price) for its clients, and is consistent with the terms of MWM’s Investment Advisory Agreement with each client for which trades are being aggregated. No advisory client will be favored over any other client; each client that participates in an aggregated order will participate at the average share price for all MWM’s transactions in a given security on a given business day. Transaction costs for participating accounts will be assessed at the custodian’s commission rate applicable to each account; therefore, transaction costs may vary among accounts. Accounts may be excluded from a block due to tax considerations, client direction or other factors making the account’s participation ineligible or impractical.

MWM will prepare, before entering an aggregated order, a written statement (“Allocation Statement”) specifying the participating client accounts and how it intends to allocate the order among those clients. If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the Allocation Statement. If the order is partially filled, it will generally be allocated pro-rata, based on the

Allocation Statement, or randomly in certain circumstances. Notwithstanding the foregoing, the order may be allocated on a basis different from that specified in the Allocation Statement if all client accounts receive fair and equitable treatment, and the reason for different allocation is explained in writing and is approved by an appropriate individual/officer of MWM. MWM's books and records will separately reflect, for each client account included in a block trade, the securities held by and bought and sold for that account. Funds and securities of clients whose orders are aggregated will be deposited with one or more banks or broker-dealers, and neither the clients' cash nor their securities will be held collectively any longer than is necessary to settle the transaction on a delivery versus payment basis; cash or securities held collectively for clients will be delivered out to the custodian bank or broker-dealer as soon as practicable following the settlement, and MWM will receive no additional compensation or remuneration of any kind as a result of the proposed aggregation.

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

Managed portfolios are reviewed at least quarterly, but may be reviewed more often if requested by the client, upon receipt of information material to the management of the portfolio, or at any time such review is deemed necessary or advisable by MWM. These factors may include, but are not limited to, the following: change in general client circumstances (marriage, divorce, retirement); or economic, political or market conditions. One or more Investment Adviser Representatives and/or firm Principals review all accounts.

For those clients to whom MWM provides consulting services, reviews are conducted on an as needed or agreed upon basis. Such reviews are conducted by one of MWM's investment adviser representatives or principals.

Account custodians are responsible for providing monthly or quarterly account statements which reflect the positions (and current pricing) in each account as well as transactions in each account, including fees paid from an account. Account custodians also provide prompt confirmation of all trading activity, and year-end tax statements, such as 1099 forms. In addition, MWM provides quarterly reports for each managed portfolio. This written report normally includes a summary of portfolio holdings and performance results. Additional reports are available at the request of the client.

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

As noted above, MWM may receive an economic benefit from Schwab or Fidelity in the form of support products and services it makes available to MWM and other independent investment advisors that have their clients maintain accounts at Schwab or Fidelity. These products and services, how they benefit our firm, and the related conflicts of interest are described in ***Item 12 - Brokerage Practices***. The availability of Schwab or Fidelity's products and services to MWM is based solely on our participation in the programs and not in the provision of any particular investment advice.

Neither MWM nor its related person directly or indirectly compensate any person who not a supervised person of MWM for client referrals.

### ***Item 15 - Custody***

#### ***Separately Managed Accounts***

Schwab or Fidelity is the custodian of nearly all client accounts at MWM. From time to time however, clients may select an alternate broker to hold accounts in custody. In any case, it is the custodian's responsibility to provide clients with confirmations of trading activity, tax forms and at least quarterly account statements. Clients are advised to review this information carefully, and to notify MWM of any

questions or concerns. Clients are also asked to promptly notify MWM if the custodian fails to provide statements on each account held.

Since fees are normally debited directly from client account(s), clients must provide written authorization for MWM to deduct fees from the client's account. MWM will provide the client with an invoice each time an advisory fee is deducted, and the custodian for the account will provide at least a quarterly statement directly to the client, showing all transactions in the account for the period reported.

From time to time and in accordance with MWM's agreement with clients, MWM will provide additional reports. The account balances reflected on these reports should be compared to the balances shown on the brokerage statements to ensure accuracy. At times there may be small differences due to the timing of dividend reporting, pending trades or other similar issues.

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

As described in ***Item 4 - Advisory Business***, MWM manages portfolios on a discretionary basis. Pursuant to this arrangement, a Limited Power of Attorney ("LPOA") is normally executed by the client, giving MWM the authority to carry out various activities in the account, generally including the following: trade execution; the ability to request checks on behalf of the client; and, the withdrawal of advisory fees directly from the account. MWM then directs investment of the client's portfolio using its discretionary authority. The client may limit the terms of the LPOA to the extent consistent with the client's investment advisory agreement with MWM and the requirements of the client's custodian.

When MWM recommends investment in a private fund as a part of the overall client portfolio, the client is required to execute the necessary documents to subscribe to that investment. Because MWM cannot make such an investment without the client's signature, holdings in private funds will be considered non-discretionary assets of the client. As described in Item 5 and Item 10, MWM does not assess an advisory fee on assets held in private funds in which MWM or any related person has a financial interest.

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

As a policy and in accordance with MWM's client agreement, MWM does not vote proxies related to securities held in client accounts. The custodian of the account will normally provide proxy materials directly to the client. Clients may contact MWM with questions relating to proxy procedures and proposals; however, MWM generally does not research particular proxy proposals.

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

MWM does not require nor solicit prepayment of more than \$500 in fees per client, six months or more in advance. MWM has never filed for bankruptcy and is not aware of any financial conditions that are reasonably likely to impair our ability to meet our contractual obligations to clients, and therefore has no disclosure with respect to this item.

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

Relevant information regarding the principal executive officers and management persons of MWM is provided elsewhere in this Form ADV (please see Brochure Supplements).

While MWM does not directly charge any performance-based fees, MWM may recommend that clients invest in one or more private funds, which often have a performance-based fee component. These arrangements vary with each fund, and are described in each fund's offering memorandum. Neither the firm nor its Management Persons has any disciplinary history requiring disclosure.

Item 10 (above) outlines material relationships between principal executive officers or management persons with other entities of material interest to the business or our clients. In addition to what is addressed in Item 10, Bill Malloy is a minority owner of Aequitas Management, LLC ("Aequitas") which is a specialty finance company that offers fixed income investments. IOC (described in Item 10) invested in securities offered by Aequitas. Other clients of MWM may also invest in securities issued by Aequitas.

All material relationships between MWM's principal executive officers or management persons and other entities of material interest are included in Item 10, or Item 19 herein.