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**FORM ADV, PART II FIRM BROCHURE**

**March 30, 2017**

THIS BROCHURE PROVIDES INFORMATION ABOUT THE QUALIFICATIONS AND BUSINESS PRACTICES OF MGO INVESTMENT ADVISORS, INC. IF YOU HAVE ANY QUESTIONS ABOUT THE CONTENTS OF THIS BROCHURE, PLEASE CONTACT US AT 216-771-4242. THE INFORMATION IN THIS BROCHURE HAS NOT BEEN APPROVED OR VERIFIED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR BY ANY STATE SECURITIES AUTHORITIES.

ADDITIONAL INFORMATION REGARDING MGO INVESTMENT ADVISORS, INC. IS AVAILABLE ON THE SEC'S WEBSITE AT [WWW.ADVISERINFO.SEC.GOV](http://WWW.ADVISERINFO.SEC.GOV).



## **ITEM 2 – MATERIAL CHANGES**

This Firm Brochure, dated March 30, 2017 is our disclosure document prepared according to the SEC's requirements and rules.

No new material changes are applicable to this Firm Brochure. From time to time we may amend this Disclosure Brochure to reflect changes in our business practices, changes in regulations and routine annual updates as required by the securities regulators. A Summary of Material Change will be provided to each client if a material change occurs.

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## **ABOUT MGO INVESTMENT ADVISORS INC. (MGOIA)**

### **ITEM 4-A ADVISORY FIRM/OWNERSHIP**

Founded in 1968 MGOIA manages investments for retirement plans, individual and corporate investors. Moskal Gross Orchosky Inc. (MGO, Inc.) is the firm's parent company and principal owner. The following own 50% or more of MGO, Inc. Paul J. Orchosky and Ronald S. Gross. MGO Inc. is also owner of MGO Securities Corp – an affiliated broker dealer firm.

### **ITEM 4-B DESCRIPTION OF INVESTMENT ADVISORY SERVICES**

#### **INVESTMENT ADVISORY SERVICES**

- MGOIA provides discretionary and non-discretionary investment advice concerning investment of monies consistent with the circumstance, preferences and objectives of each client.
- The investment management process includes an assessment of each client's individual objectives, needs, risk tolerance and style of desired management. Client will complete a confidential client account record, investment advisory agreement and when applicable an investment profile. We attempt to structure each client's investment program based on these considerations.
- Security products used for client accounts include but are not limited to mutual funds, variable annuities, exchange traded funds, mutual fund portfolios, fixed income, equities and other securities in association with the investment service selected by you.
- We will monitor your assets ongoing in order to help you meet your objectives. For discretionary accounts we may change your portfolio allocation(s). If non-discretionary we will recommend portfolio allocation changes.
- MGOIA works with the Plan Trustee/Sponsor in selecting a core mutual fund investment menu for defined contribution plans (i.e. 401(k) plans). Participating employees then choose among the core fund menu their own investment allocation based on their personal preferences and objectives. In addition we provide a managed account option, Road to Retirement, to plan participants (see below).

#### **QUALIFIED RETIREMENT PLAN CORE FUND MENU SELECTION AND MONITORING**

MGOIA, as investment advisor to the plan, selects and monitors the core fund menu on a recurring basis to assure proper funds and asset classes are properly utilized. The following criteria are reviewed on a quarterly basis. Recommendations are provided to Plan Trustee/Sponsor if applicable.

- Expense Ratio (Short-Term Measure)
- Sharpe Ratio (Short-Term Measure)
- Rolling Information Ratio (Intermediate-Term Measure)
- Trailing Performance (Intermediate-Term Measure)
- Performance Consistency (Long-Term Measure)
- Rolling Selection Return (Long-Term Measure)

#### **Road to Retirement**

- We provide an optional managed account program to defined contribution retirement plan participants if the Plan Trustee/Sponsor elects to make the option available.
- Each participant electing this service contracts with MGOIA to provide the actively managed investment advisory services to his/her account. Participants electing this service complete a participant investment advisory agreement. Participants also determine their risk tolerance by answering questions provided on the investor profile form. The participant is then matched to one of the managed portfolios available in the Road to Retirement program.

- The Road to Retirement program is offered using the Nationwide Trust Product Retirement Investment Platform. MGOIA designs the managed account portfolios from the mutual funds available within the investment platform. Record keeping is performed by Nationwide and the client's third party administrator MGO, Inc. (our parent company).
- We have entered into an arrangement with Registered Investment Advisor Services Inc. (RIA). They perform certain back office services and record keeping functions associated with the Road to Retirement Program. MGOIA pays RIA a fee for this service. Please reference fee section for specifics of the fee arrangement.
- Participants may elect to terminate this optional service at any time by providing written notice to MGOIA.

***Road to Retirement Investment Strategies:***

**MGO Portfolio 1: (Conservative)**

Investment Objective: Capital preservation with goal of current income.

Investment Policy Guidelines: The portfolio normally invests up to 100% of assets among fixed income and money market portfolios. No more than 10% of assets shall be invested in equities at any given time.

**MGO Portfolio 2: (Moderate Conservative)**

Investment Objective: Current income with potential to capitalize upon equity market growth as a secondary objective.

Investment Policy Guidelines: The portfolio normally invests up to 85% of assets among fixed income and money market portfolios. The portfolio normally invests up to 40% of assets in equities.

**MGO Portfolio 3: (Moderate)**

Investment Objective: A balance of fixed income and equities designed for a dual objective of income and growth.

Investment Policy Guidelines: The portfolio normally invests up to 70% of assets among fixed income and money market portfolios. The portfolio normally invests up to 70% of assets in equities.

**MGO Portfolio 4: (Moderate Aggressive)**

Investment Objective: Focus on equity market growth with a secondary objective to preserve current income.

Investment Policy Guidelines: The portfolio normally invests no more than 40% of assets among fixed income and money market portfolios. The portfolio normally invests up to 80% of assets in equities.

#### **MGO Portfolio 5: (Aggressive)**

Investment Objective: Equity market growth with little consideration for current income.

Investment Policy Guidelines: The portfolio normally invests no more than 20% of assets among fixed income and money market portfolios. The portfolio normally invests up to 95% of assets in equities.

#### **MGO Socially Responsible Portfolio**

Investment Objective: Focus on equity market growth through socially conscious investments. The portfolio's goal is to hold investments in companies that adhere to social, moral, religious or environmental beliefs.

Investment Policy Guidelines: The portfolio normally invests up to 30% of assets among fixed income and money market portfolios. The portfolio normally invests up to 90% of assets in equities.

#### **MGO Speculative Growth Portfolio**

Investment Objective: Aggressive equity market growth - consideration for current income is incidental.

Investment Policy Guidelines: The portfolio normally invests no more than 10% of assets among fixed income and money market portfolios. The portfolio normally invests up to 95% of assets in equities.

#### **MGO Government / High Quality Bond Portfolio**

Investment Objective: Current income while limiting market fluctuation.

Investment Policy Guidelines: The portfolio is designed for an investor that prefers a conservative portfolio with short-term fluctuations. The typical investor in the portfolio is concerned with asset fluctuation and is not comfortable with the risk associated with investing in the equities market. The typical investor understands that bond investments involve risk and potential for loss.

#### **MGO Income Portfolio**

Investment Objective: Current income with market fluctuation. This portfolio is managed to seek a combination of stock and bond funds that generate an above average dividend yield.

Investment Policy Guidelines: The portfolio is designed for an investor seeking current income with secondary emphasis on capital appreciation. The portfolio may invest in a combination of stocks, bonds and cash.

#### **Road to Wealth**

- MGO Road to Wealth is the portfolio management program designed for personal assets, IRA's, IRA Rollovers, Roth IRA's, Trusts and other personal investment portfolios. Individuals can choose to have the many assets that comprise personal wealth actively managed by the professional investment advisors of MGOIA.
- MGO Investment Advisors conducts a thorough analysis of current assets and determines the best allocations and account registrations for an individual to capitalize on the market, tax law and their own personal income needs. The analysis includes MGOIA recommendation and plan to achieve investment goals.

## ***Road to Wealth Investment Strategies:***

### **R2W Portfolio 1: (Conservative)**

Investment Objective: Capital preservation with potential for income.

Investment Policy Guidelines: The portfolio is designed for an investor that prefers a conservative portfolio with few short-term deviations. The typical investor in the portfolio is near retirement, is concerned with asset fluctuation and is not comfortable with the risk associated with fully investing in the equities market.

### **R2W Portfolio 2: (Moderate Conservative)**

Investment Objective: Current income with limited potential to capitalize upon equity market growth.

Investment Policy Guidelines: The portfolio is designed for an investor that prefers a more conservative portfolio with emphasis on income over growth and smaller short-term deviations. The typical investor in the portfolio has more than 5 years until retirement, is concerned with asset fluctuation and is comfortable with a limited amount of risk associated with investing in the equities market.

### **R2W Portfolio 3: (Moderate Income)**

Investment Objective: Opportunity to preserve current income and capitalize upon equity market growth. A balance of fixed income and equities designed for slow and steady growth.

Investment Policy Guidelines: The portfolio is designed for an investor that prefers a balanced portfolio with potential for long-term growth and moderate short-term deviations. The typical investor in the portfolio has more than 10 years until retirement, is slightly concerned with asset fluctuation and is comfortable with the risks associated with investing in the equities market.

### **R2W Portfolio 4: (Moderate Aggressive)**

Investment Objective: Focus on equity market growth with opportunity to preserve current income.

Investment Policy Guidelines: The portfolio is designed for an investor that prefers an aggressive portfolio with potential for long-term growth and large fluctuations. The typical investor in the portfolio has more than 15 years until retirement, is comfortable with the risks associated with investing in the equities market; concerns with market fluctuation is secondary.

### **R2W Portfolio 5: (Aggressive)**

Investment Objective: Equity market growth with consideration for current income.

Investment Policy Guidelines: The portfolio is designed for an investor that prefers an aggressive portfolio with potential for long-term growth; concerns for fluctuations secondary. The typical investor in the portfolio has more than 20 years until retirement, is not concerned with short-term fluctuations in assets and is comfortable with the risks associated with investing in the equities market.

#### **R2W Portfolio 6: (Aggressive Growth)**

Investment Objective: Aggressive equity market growth.

Investment Policy Guidelines: The portfolio is designed for an investor that prefers an aggressive portfolio with potential for long-term growth and little regard for short-term deviations. The typical investor in the portfolio has more than 20 years until retirement, is not concerned with short-term fluctuations in assets and is comfortable with the risks associated with investing in both domestic and foreign equities.

#### **R2W Bond Portfolio**

Investment Objective: Current income while limiting market fluctuation.

Investment Policy Guidelines: The portfolio is designed for an investor that prefers a conservative portfolio with few short-term fluctuations. The typical investor in the portfolio is concerned with asset fluctuation and is not comfortable with the risk associated with investing in the equities market.

#### **R2W The Moderate Aggressive Equity ETF Portfolio (Exchange Traded Fund)**

Investment Objective: Aggressive equity market growth.

Investment Policy Guidelines: The portfolio is designed for an investor that prefers an aggressive portfolio with potential for long-term growth; concern for short-term fluctuations is secondary. The portfolio is designed to be a cost effective way to achieve broad portfolio diversification within the equities market. The typical investor in the portfolio has more than 20 years until retirement, is not concerned with short-term fluctuations in assets and is comfortable with the risks associated with investing in both domestic and foreign equities. Fees typically range from \$0.0075 per share to \$0.00125 per share for purchases and sales of shares.

#### **R2W Municipal Tax Advantaged Bond Portfolio**

Investment Objective: Preserve capital while placing emphasis on tax advantaged current income.

Investment Policy Guidelines: The portfolio is designed for an investor that prefers a conservative portfolio with few short-term fluctuations. The typical investor in the portfolio is concerned with asset fluctuation and is not comfortable with the risk associated with investing in the equities market. The investor is also mindful of taxes relative to earnings and would like to maximize the tax advantages associated with municipal investing.

#### **R2W Socially Responsible Portfolio**

Investment Objective: Focus on equity market growth through socially conscious investments. The portfolio is designed for the investor that prefers to hold investments in companies that adhere to social, moral, religious or environmental beliefs.

Investment Policy Guidelines: The portfolio is designed for the investor that prefers to hold investments in companies that adhere to social, moral, religious or environmental beliefs. The typical investor in the portfolio has more than 15 years until retirement, has little concern for asset fluctuation and is comfortable with the risks associated with investing in the equities market.



#### **R2W ETF Bond Portfolio**

Investment Objective: Preserve capital while placing emphasis on current income. The portfolio is managed to be a low cost alternative to retail bond mutual funds.

Investment Policy Guidelines: The portfolio is designed for an investor that prefers a conservative portfolio with few short-term deviations at a low cost. The typical investor in the portfolio is concerned with asset fluctuation and is not comfortable with the risk associated with investing in the equities market.

#### **R2W Government / High Quality Bond Portfolio**

Investment Objective: Current income while limiting market fluctuation. This portfolio is managed to invest in the highest quality bonds with little default risk.

Investment Policy Guidelines: The portfolio is designed for an investor that prefers a conservative portfolio with few short-term fluctuations. The typical investor in the portfolio is concerned with asset fluctuation and is not comfortable with the risk associated with investing in the equities market.

#### **R2W Income Select Portfolio**

Investment Objective: Current income with market fluctuation. This portfolio is managed to seek a combination of stock and bond funds that generate an above average dividend yield.

Investment Policy Guidelines: The portfolio is designed for an investor seeking current income with secondary emphasis on capital appreciation. The portfolio may invest in a combination of stocks, bonds and cash.

#### **R2W Currency Compliment Portfolio**

Investment Objective: Generate moderate income through investments in currently and ultra-short term bond funds that focus on interest and dividends.

Investment Policy Guidelines: The portfolio is designed for an investor that is looking to generate a moderate amount of income from a portfolio with extremely low volatility. The typical investor is nearing or has already entered retirement, is very concerned with short-term fluctuations in assets and is seeking an alternative to the low yield of a traditional cash account.

#### **Signature**

- This is an investment advisory program for high net worth clients. MGO Investment Advisors conducts a thorough analysis of current assets and determines the best allocations and account registrations for an individual to capitalize on the market, tax law and their own personal income needs. The analysis includes MGOIA recommendations and a plan to achieve investment goals.

### **ITEM 4-C Tailoring Advisory Services to the Individual Needs of Clients**

For discretionary accounts MGOIA maintains full discretion in the management of portfolio assets. MGOIA exercises discretion in selecting investments in conjunction with portfolio investment horizon, goals, risk tolerance and other mitigating factors. Clients may also indicate any special instructions that they may wish us to follow in managing their account. For defined contribution plans MGOIA works with Plan Trustee/Sponsor in designing a core mutual fund investment menu applicable to a qualified retirement plan.

### **ITEM 4-D WRAP FEE PROGRAM**

- We do not participate in wrap fee programs.

#### **ITEM 4-E CLIENT ASSETS UNDER MANAGEMENT:**

Discretionary	\$320,972,452
Non-Discretionary	<u>\$333,158,762</u>
Total	\$654,131,214

Assets referenced above are as of the close of business 12/31/16.

#### **ITEM 5 FEES AND COMPENSATION**

##### **ITEM 5-A HOW IS MGOIA COMPENSATED FOR ADVISORY SERVICES**

MGOIA charges an advisory fee for the investment management services we provide. The advisory fees paid to MGOIA represent fees for management of your account and are separate from any other fees and expenses charged by other parties.

You may request that related accounts be combined in order to meet fee break points and reduce the advisory fee charged. We reserve the right to waive or discount the advisory fee for certain accounts.

The standard fee may be negotiable and as a result clients with similar assets may have differing fee schedules.

The following is our current advisory fee schedule for most client accounts:

1.00% Per Annum for the first \$5,000,000
0.50% Per Annum for assets \$5,000,001 to \$10,000,000
0.25% Per Annum for assets over \$10,000,001

MGO Signature is an investment program designed for high net worth individuals.

MGO Road to Retirement fee schedule is 0.80% per year. Please see Item 5-c for further details.

##### **ITEM 5-B BILLING METHOD AND BILLING FREQUENCY**

- The advisory fees are charged and billed in arrears on a quarterly basis.
- Fees are based on the market value of all your assets under management on the last trading day of each calendar quarter.
- In the first (and last) advisory fee cycle, the advisory fee will be pro-rated based on the number of days the assets are under management during the quarter.
- Clients may elect to have the fee deducted from their assets or be invoiced. Invoices are due upon receipt.

##### **ITEM 5-C OTHER TYPES OF FEES/EXPENSES ASSOCIATED WITH ADVISORY SERVICES**

- The advisory fees shown in this brochure represent only the fees paid to MGOIA and do not reflect operating expenses and other costs charged by mutual funds (front or back loads), variable annuities, ETF trading fees or other custodial fees. Short-term trading fees may be applicable based on prospectus guidelines. Annuity products may be subject to a contingent deferred sales charge. Policy owner should refer to the contract and/or prospectus for specifics.

- Defined contribution plan participants selecting the optional Road to Retirement program will pay 0.80% per year for managed account service fee. Of this fee MGOIA pays Registered Investment Advisors Services, Inc. (RIA Services) 0.15% per annum and MGO Inc. 0.15% per annum. RIA Services makes available certain administrative and technology services that facilitate managed account services. MGO Inc. is the parent company of MGOIA and serves as third party administrator to the defined contribution plan. The Road to Retirement Fee is in addition to Plan advisory fees that the Plan Sponsor may pass onto the participants. Road to Retirement Fees are deducted directly from each participant account on a quarterly basis and are assessed based on a daily valuation. The Road to Retirement managed account service fee is in addition to any underlying mutual fund expense or platform fees as well as fees assessed by third party administrator. Of the .80% fee MGOIA may pay a solicitor fee of .10%. Such solicitor will have an agreement with MGOIA and the Qualified Plan Sponsor, if applicable, will authorize the solicitor payment.
- Defined contribution plan participants selecting the optional Road to Retirement Program may also pay their proportionate share of the Plan Level Advisory fee as stated above. This is in addition to the managed account service fee associated with the Road to Retirement Program.
- Many retirement plan sponsors offer the Nationwide Best of America Group Retirement Series Investment Platform. The Platform may include an asset management charge “AMC” which is assessed by adjusting the unit price of the mutual fund shares offered to plan participants. The AMC is comprised of a combination of upfront commission and/or trailing commission based on total plan assets and determined by MGO Securities Corp.
- Nationwide may pay fees to one of our affiliated firms for performing certain administrative services which may include but are not limited to: preparing proposals, enrollments, processing transactions and communicating with plan sponsors and participants. Such compensation is noted on the Nationwide Disclosure Form. In addition the parent company – MGO Inc. – may receive an administrative service fee paid by Nationwide for responsibilities associated with Plan record keeping.

#### **ITEM 5-D PREPAID FEES**

MGOIA does not bill the advisory fee in advance; billing is in arrears.

#### **ITEM 5-E SECURITY COMPENSATION FOR SALE OF SECURITIES**

The firm is affiliated with MGO Securities Corporation (MGOSC), a registered broker dealer and FINRA member. MGOSC is the broker dealer for those qualified plans who have the assets held at Nationwide Trust Co. MGOSC is the broker dealer utilized for variable annuity/life sales. MGOSC does not have custody of client assets.

The affiliated broker dealer is able to effect limited security transactions for advisory clients and may receive separate compensation for this activity. The amount paid does not exceed that stated in the prospectus. In some instances MGOSC may also receive compensation from mutual fund companies and/or variable annuity companies, including 12b-1 fees for performing certain administrative/shareholder tasks associated with your investments.

No person receives incentives to recommend investment products or execute trades.

MGOSC securities business is limited to mutual funds, ETF's, group pension products, and variable insurance products. MGO Securities Corp's primary security business is mutual funds or platforms utilizing underlying mutual fund families.

Mutual Fund companies may provide financial assistance to client events sponsored by the firms Parent Company (MGO, Inc.). The financial contributions will be recorded in the firm's records and reviewed on an annual basis as part of the supervisory review. The review will take into account the amount contributed by the fund, changes in investment mutual fund allocations and determine if client was harmed by the mutual fund contribution to the event.

**ITEM 5E-1 CONFLICTS OF INTEREST**

There is the possibility for a conflict of interest due to the affiliated relationship with MGO Securities Corp.

MGOIA provides the investment advisory services and MGO Securities Corp. is the broker dealer utilized for security purchases where applicable. MGO Securities Corp. can receive compensation for securities including but not limited to, retail mutual funds, ETF's, variable annuity products and Nationwide Financial Trust Co for the qualified 401(k) investment platform. Client does sign disclosure statement outlining the compensation for the retail mutual funds, variable annuity products and qualified 401(k) investment platform.

No person receives incentives to recommend investment products or execute trades.

**ITEM 5E-2 BROKER DEALER OPTIONS**

If the client selects MGOIA and broker sold products are purchased (variable annuity/life and qualified plans using the Nationwide Trust Product) MGOSC will be the broker of record. MGOIA's policy is to use MGOSC if a broker dealer is required to execute the security. Other broker dealer/agents are not used.

**ITEMS 5E-3 COMMISSION REVENUE FROM ADVISORY CLIENTS**

The commission and compensation applicable to our affiliated broker dealer firm represents less than 50% our firm's revenue received from advisory clients.

**ITEM 5E-4 COMMISSIONS REVENUE/REDUCED ADVISORY FEE**

For qualified retirement plans MGO, Inc. - parent company – reviews all sources of revenue (investment advisory, broker dealer revenue and when applicable plan administration) when determining the fee schedules/asset based trails applicable to these clients.

**ITEM 6 PERFORMANCE-BASED FEE AND SIDE-BY-SIDE MANAGEMENT**

MGOIA does not charge performance based fees.

**ITEM 7 – TYPES OF CLIENTS:**

MGOIA generally provides investment advice to the following types of clients: Individuals, Pension and Profit Sharing Plans, Trusts, Foundations and Corporate Accounts. It is recommended that clients have a minimum of \$15,000.00 to establish an investment account. We reserve the right to waive this minimum.

**ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

- A. Our value based investment strategy is two-fold, involving technical analysis and fundamental analysis. The analysis is then incorporated into the theories of Nobel Prize winning economist Harry Markovitz as well as Nobel Prize winning economist William Sharpe to create a portfolio that maximizes return potential while minimizing portfolio risk based upon investor risk tolerance -or- incorporating Modern Portfolio Theory. In creating portfolios, fundamental analysis involves a proper identification of the market cycle. The stock market is cyclical in nature and while investor sentiment will never allow the market to prescribe to an exact science, equity asset classes will come into favor at different stages of the market cycle. From a market peak to a market low, there is always an asset class that is outperforming the overall market. MGOIA attempts to determine these asset classes. Identifying the stages of a market cycle and overweighting the proper market sectors can aid in maximizing returns. Identifying stages in the market cycle involves evaluating the external market environment and properly gauging the attitude of investors. Fundamental analysis also takes into account the managers of the underlying investments. Appropriate manager tenure and the support of a skilled team of research analysts create funds that invest in the appropriate stocks with little stock overlap (stock overlap -

holding the same stock in multiple portfolios, reducing diversification). Relying solely upon fundamental analysis does not give an accurate assessment of a portfolio.

Technical analysis is a cornerstone of prudent investing. MGO Investment Advisors investment selections are based on:

Expense Ratio: Keeping the expenses of underlying funds in the portfolio within acceptable ranges of the appropriate benchmark.

Sharpe Ratio: Developed by Nobel Laureate William Sharpe, the Sharpe Ratio gauges whether a fund is generating an appropriate return based on the amount of risk that the fund has undertaken.

Information Ratio: Quantifies the value added or subtracted by a fund's manager versus the appropriate benchmark.

Performance: The total underlying investment return over a group of historical periods.

Performance Consistency: Determining if long-term returns are consistent or skewed by one outstanding period of performance. Long term return consistency without style drift (i.e. investing in stocks of asset classes other than the specific asset class for which the fund is intended) is the hallmark of a good investment.

Selection Returns: A fund manager's performance relative to a benchmark.

Investing in securities involves risks including the loss of principal, market fluctuation, tax liabilities, and the like. Investors should consider all risks and read investment prospectus and literature prior to making an investment decision.

## **ITEM 8-B MATERIAL RISKS ASSOCIATED WITH ANALYSIS AND INVESTMENT STRATEGIES**

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the security. We attempt to mitigate the risk through mutual fund investment.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement. We attempt to mitigate the risk through mutual fund investment.

Mutual fund and/or ETF analysis: We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in other fund in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the fund or ETF less suitable of the client's portfolio.

Investing in securities involves risks including the loss of principal, market fluctuation, tax liabilities, and the like. Investors should consider all risks and read investment prospectus and literature prior to making an investment decision.

## **ITEM 8C – SECURITIES PRIMARILY RECOMMENDED**

MGOIA investment portfolios and strategies are mainly comprised of retail mutual fund investments. Mutual fund investments involve the risk of market fluctuation, loss of principal, tax liabilities and the like. Risks specific to different types of mutual funds includes, but is not limited to: interest rate risk, liquidity risk, market risk, inflation risk, currency risk and sociopolitical risk.

Please see Item 8B regarding risks associated with these types of investments.

## **ITEM 9 – DISCIPLINARY INFORMATION**

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management services.

## **ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

MGO, Inc. parent company owners Ronald S. Gross and Paul J. Orchosky have ownership in We are One Seven, LLC Investment Advisory Firm. Richard J. Gross an employee of MGO Inc. also has ownership of One Seven. One Seven provides investment advisory services and they may charge more or less than MGO Investment Advisors. MGO Investment Advisors does not currently refer clients to One Seven and One Seven does not currently refer clients to MGO Investment Advisors. The firms do not share office space and there is no shared systems. MGO Investment Advisors and One Seven are operationally independent.

## **ITEM 10A – AFFILIATED BROKER DEALER**

MGO Inc., parent company to MGO Investment Advisors, has another subsidiary MGO Securities Corp. a registered broker dealer firm. The following executive/management associates of the parent company include MGO Securities Corp. Registered Representatives: Michael B. Moskal, Paul J. Orchosky, Ted J. Triska, Scott M. Lepa, Richard J. Gross and Justin J. Pietrasz.

## **ITEM 10B – REGISTERED REPRESENTATIVES TRADING APPLICATION**

None of the individuals referenced in ITEM 10-A are registered or have an application pending to register, as a future commission merchant, commodity pool operator, a commodity trading advisor, or is an associated person of the foregoing entities.

## **ITEM 10C – RELATIONSHIP/ARRANGEMENT(S) MATERIAL TO ADVISORY BUSINESS AND CONFLICTS OF INTEREST IF APPLICABLE:**

1. MGO Securities Corp – is an affiliated broker dealer firm - please reference section 5E-1 regarding potential conflicts of interest.
2. There is no relationship/arrangement to an investment company or other pooled investment vehicle.
3. The firm may enter into an agreement with another investment advisory firm or solicitor. The client agreement will specify fee percentages attributable to the respective parties. There is no increase in the standard fee schedule for this arrangement.
4. The firm does not have an agreement/arrangement with any futures commission merchant, commodity pool operator, or commodity trading advisor.
5. The firm does not have an agreement/arrangement with any banking or thrift institution.
6. The firm does not have any agreements/arrangements with accountants or accounting firms.
7. MGOIA's parent company – MGO Inc. – has an agreement in place with Richard A. Weiss, attorney-at-law. As part of the agreement Richard A. Weiss pays MGO a fee for rental of office space, equipment and supplies. MGOIA clients are not required to use Richard A. Weiss as the attorney.
8. MGOIA's parent company – MGO Inc. – does sell insurance products through its licensed insurance agents: Michael B. Moskal and Paul J. Orchosky. Commissions may be received from the sale of insurance products. All commissions are paid to the parent company. Insurance products utilized are based on the client objectives determined during initial and subsequent client meetings. Insurance

products may be legacy holdings when a new client retains services of MGO Inc and MGOIA. Advisory fees may be charged in addition to commissions received by the insurance products.

9. MGOIA's parent company – MGO Inc – provides pension-consulting services. Our advisory fees are separate from and in addition to the administrative fees charged by MGO.
10. MGOIA does not have an agreement/arrangement with any real estate broker or dealers.
11. MGOIA does not have an agreement/arrangement with sponsor or syndicator of limited partnership.
12. MGO Parent Company Owners and Employee Richard Gross has ownership of investment advisory firm One Seven as indicated in item 10 above. The firms are operationally independent.

#### **ITEM 10 - D RECOMMENDATION OF OTHER INVESTMENT ADVISORS**

MGOIA does not recommend or select other investment advisors for our clients. MGOIA does not receive compensation either directly or indirectly from other investment advisors.

#### **ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

- A. MGOIA has adopted a code of ethics in compliance with Rule 17-j-1 and Rule 204A-1 under the Investment Company Act of 1940. The Code establishes the standards and procedures for the detection and prevention of activities by which personnel having knowledge of the investments and investment decisions of MGOIA. The code addresses how to deal with the types of conflict of interest. In summary the Code prohibits employees of MGOIA taking inappropriate advantage of their positions and the access to information concerning the investments or investment intentions of MGOIA or its clients, or their ability to influence such investment intentions for personal gain or in matter detrimental of its clients. MGOIA will provide a copy of the code of ethics to any client or potential client upon request.
- B. It is not MGOIA's policy to recommend to clients to buy/sell for client accounts, securities in which a related personal has a material financial interest.
- C. MGOIA and its affiliated employees may buy or sell securities identical to those recommended to our clients. It is our express policy that any person employed by us or any of the affiliated firms is prohibited from profiting at the expense of our clients and from competing with our clients. Employees are required to complete a quarterly report of personal securities transactions detailing securities purchased during a calendar quarter. Pre-clearance is required on certain securities prior to employee purchasing. Exceptions to the quarterly reporting and pre-clearance are applicable to certain securities: open-end investment companies, direct obligations of the U.S. Government, high-quality short-term instruments and units of investment trusts.
- D. MGOIA's policy when a related person recommends securities to a client or buys/sells securities in a client account at about the same time that you or a related person buys/sells the same security - Please see ITEM C above for firm's procedure.

#### **Error Committee**

MGOIA has established an error committee led by the Chief Compliance Officer that meets monthly to review reported errors. The error committee will consider the 1) nature and cause of the error 2) whether the client has been disadvantaged by the error and 3) suitability of the allocations resulting from the error. We will notify our clients of errors caused by MGOIA that resulted in a loss. MGOIA will offset any losses against gains resulting from the same error and generally MGOIA will credit the clients next advisory fee invoice for the amount of the loss determined by the error committee to be MGOIA's responsibility. In cases where MGOIA determines it is not appropriate to credit advisory fees, MGOIA will issue a check for the amount of the loss to be deposited into the client's account or under some circumstances the check will be sent directly to the client.

## **ITEM 12A - BROKERAGE PRACTICES.**

We use MGO Securities Corp. for client transactions when possible. Please reference ITEM 5E-1 for additional information regarding this arrangement as well as description detailing limited business conducted by affiliated broker dealer firm.

1. We do not receive research or other products or services in connection with client securities transactions.
2. As indicated previously MGO Securities Corp. our affiliated broker dealer is used for security transactions when possible.
3. We do not permit a client to direct brokerage please see 5-E.

## **ITEM 12-B AGGREGATE PURCHASES/SALES OF SECURITIES**

T.D. Ameritrade is used for equity security purchases and at times mutual funds, fixed income and ETF purchases. When possible MGOIA aggregates purchases/sales.

## **ITEM 13 – REVIEW OF ACCOUNTS**

- A. MGOIA periodically reviews client portfolios through weekly investment advisory committee meetings, review of quarterly reporting, and based on discussions of economic themes that may arise on an annual basis. Reviews are conducted by MGOIA's investment advisory committee, chaired by Paul J. Orchosky.
- B. Factors that may lead to portfolio review include (but are not limited to) changes in economic climate, current events, and/or investment strategy change.
- C. Some clients receive a written report quarterly and may include (but is not limited to) investment performance, investment allocations, capital gains, capital appreciation, advisory fees, contributions and distributions. All clients will receive a written quarterly statement from the custodian.

## **ITEM 14 – CLIENT REFERRALS AND COMPENSATION**

MGOIA currently does not pay compensation for client referrals.

MGOIA may use a third party solicitor for one Qualified Retirement Plan utilizing the Road to Retirement Program. There will be a written agreement specifying the solicitor's activities and compensation to be received; MGOIA's investment requirements and the duties of the solicitor and the solicitor's requirement to provide new clients with a copy of MGOIA's ADV Part II.

## **ITEM 15 - CUSTODY**

MGOIA will not serve as custodian for your assets. We ask that clients establish a client account with a designated custodian. Assets may be held at a number of qualified custodians, including a mutual fund, a variable annuity insurance company or an independent custodian. The custodian maintains the underlying records for the assets held in your account. In most cases you will be responsible for paying all the fees or charges of the custodian. The custodian will forward directly to you a statement detailing the assets held in the account. It is recommended you carefully review the statements provided by the custodian. Some clients, depending on investment platform utilized, will also receive statements from MGOIA. We strongly recommend that you compare the statements we provide against the statements provided directly from the custodian. MGOIA can, upon client request, deduct investment advisory fees directly from the client's assets.

## **ITEM 16 – INVESTMENT DISCRETION**

We do accept discretionary authority to manage security accounts on behalf of clients. Clients may indicate any special instructions that they may wish us to follow in managing their account. Client will complete a



discretionary investment advisory agreement and power of attorney form. The agreement outlines the terms of the advisory services.

#### **ITEM 17 – VOTING YOUR SECURITIES**

We do not receive proxies for securities held in your account. It is our policy not to vote proxies for securities in your account. Proxies for securities held in your account will be received by you directly from the custodian of your assets. Clients may contact MGOIA with questions they have regarding the proxy vote. MGOIA will provide a copy of our proxy voting policies and procedures upon request.

#### **ITEM 18 – FINANCIAL INFORMATION**

MGOIA does not require or solicit pre-payment of investment advisory fees.

#### **ITEM 19 – STATE REGISTERED ADVISER**

MGOIA is registered with the SEC and is not a state-registered adviser.