

MV Capital Management, Inc.

Form ADV Part 2A Brochure Dated March 29, 2019

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This brochure provides information about the qualifications and business practices of MV Capital Management, Inc. If you have any questions about the contents of this brochure, please contact us at (301) 656-6545. 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 MV Capital Management, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov.

References herein to MV Capital Management, Inc. 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

As of August 1, 2019, MV Capital Management Inc. (MVCM) moved the physical location of its office to 3 Bethesda Metro Center, Suite 650, Bethesda, MD 20814. There are no additional material changes since its last Annual Amendment filing on March 29, 2019.

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Item 4 Advisory Business

- A. MV Capital Management Inc.'s (MVCM) is a corporation formed in the State of Maryland. Masood Vojdani is the sole owner of MVCM and has over 30 years of experience in the financial industry.

At MVCM our mission is to provide unparalleled service, uncommon thinking and uncompromising standards in delivering investment management strategies and solutions tailored to the unique circumstances of each and every client. To accomplish this mission we have invested a great deal of time and effort into developing a unique complement of core competencies:

- A *client service* approach that focuses on the specific, unique needs of each client and develops an investment policy customized to the client's return objectives, risk tolerance and special circumstances.
 - An in-house *research and development* practice aimed at distilling the complexities of the modern global capital marketplace into innovative, practical investment strategies and solutions.
 - An *independent* advisory and execution platform from which to offer advice where our financial success is aligned with our clients.
- B. As discussed below, MVCM offers to its clients investment advisory services, and, to the extent specifically requested by a client, financial planning and related consulting services.

INVESTMENT ADVISORY SERVICES

Clients can engage MVCM to provide discretionary or non-discretionary investment advisory services on a wrap or non-wrap fee basis. If a client determines to engage MVCM on a wrap fee basis the client will pay a single fee for bundled services (i.e. investment advisory, brokerage, custody). The services included in a wrap fee agreement will depend upon each client's particular need. If the client determines to engage MVCM on a non-wrap fee basis the client will select individual services on an unbundled basis, paying for each service separately (i.e. investment advisory, brokerage, custody).

MVCM's annual investment advisory fee shall include investment advisory services, and, to the extent requested by the client, financial planning and consulting services. In the event that the client requires extraordinary planning or consulting services (to be determined in the sole discretion of MVCM), MVCM can charge for these additional services, the dollar amount of which will be provided in a separate written notice to the client.

NON-WRAP FEE BASIS

Clients can engage MVCM to provide discretionary or non-discretionary investment advisory services. Generally, MVCM's annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under MVCM's management.

MVCM PORTFOLIO MANAGER PROGRAM

MVCM may provide investment management services on a wrap fee basis in accordance with MVCM's Portfolio Manager Program (the "Program"). The terms and conditions for

the Program are discussed in the Wrap Fee Program Brochure—a copy of which is presented to all prospective Program participants. Under the Program, MVCMM is able to offer participants discretionary investment management services, for a single specified annual Program fee, which includes trade execution, custody, reporting, and investment management fees. All prospective Program participants should read MVCMM's Wrap Fee Program Brochure, and ask any questions that they may have, prior to participating in the Program. Fidelity Investments, LLC ("*Fidelity*") serves as the custodian for Program accounts.

Please Note: Participation in the Program may cost more or less than purchasing these services separately. The Program fee charged by MVCMM for participating in the Program may be higher or lower than fees charged by other sponsors of comparable wrap fee programs.

FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)

To the extent requested by a client, MVCMM may provide financial planning or consulting services (on investment and non-investment related matters, including estate planning and insurance planning) on a stand-alone separate fee basis. Prior to engaging MVCMM to provide planning or consulting services, clients are generally required to enter into a *Financial Planning and Consulting Agreement* with MVCMM setting forth the terms and conditions of the engagement. If requested by the client, MVCMM may recommend the services of other professionals for implementation purposes. The client is under no obligation to engage the services of any recommended professional. The client retains absolute discretion over all implementation decisions and is free to accept or reject any recommendation from MVCMM. If the client engages any recommended professional, and a dispute arises, the client agrees to seek recourse exclusively from the engaged professional. Clients are responsible for promptly notifying MVCMM if there is ever any change in their financial situation or investment objectives so that MVCMM can review, and if necessary, revise its previous recommendations or services.

MISCELLANEOUS ADVISORY SERVICES DISCLOSURE

Non-Investment Consulting/Implementation Services. If requested by the client, MVCMM may provide consulting services regarding non-investment related matters, such as estate, tax and insurance planning. Neither MVCMM, nor any of its representatives, serves as an attorney or accountant and no portion of MVCMM's services should be construed as same. To the extent requested by a client, MVCMM may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.), including certain of MVCMM's investment adviser representatives in their separate licensed capacities as discussed below. 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 MVCMM. **Please Note:** If the client engages any such 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:** Clients are responsible for promptly notifying MVCMM if there is ever any change in their financial situation or investment objectives so that MVCMM can review, and if necessary, revise its previous recommendations or services.

Non-Discretionary Service Limitations. Clients that determine to engage MVCMM on a non-discretionary investment advisory basis must be willing to accept that MVCMM cannot effect any account transactions without obtaining the client's consent. For

instance, in the event of a market correction event where MVCMM cannot reach the client, a client may suffer investment losses or miss potential investment gains.

Retirement Rollovers. A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If MVCMM recommends that a client roll over their retirement plan assets into an account to be managed by MVCMM, such a recommendation creates a conflict of interest if MVCMM will earn an advisory fee on the rolled over assets. **No client is under any obligation to roll over retirement plan assets to an account managed by MVCMM. MVCMM's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the conflict of interest presented by rollover recommendations.**

Independent Managers. MVCMM may invest or recommend that the client invest using unaffiliated independent investment managers in accordance with the client's designated investment objectives. In these situations, the Independent Manager has the day-to-day responsibility for the active discretionary management of the client's assets. MVCMM will continue monitor and review the client's account performance, asset allocation and investment objectives. Factors that MVCMM considers in recommending Independent Managers include the client's designated investment objectives, and the manager's management style, performance, reputation, financial strength, reporting capabilities, pricing structure, and published research. The investment management fee charged by any Independent Manager is in addition to MVCMM's advisory fee set forth in Item 5.

Single Strategy Program. MVCMM may also recommend that clients invest in one or more investment strategies offered in the Single Strategy Program (SSP) consistent with the client's investment objectives and risk profile. Assets using a strategy in the SSP will be managed in a separate account from all other assets and strategies. Although the strategies used may be considered part of a client's overall portfolio allocation, each strategy in the SSP is independently managed based on proprietary guidelines developed and implemented by MVCMM.

Client Obligations. MVCMM will not be required to verify any information received from the client or from the client's other professionals and is expressly authorized to rely on the information in its possession. Clients are responsible for promptly notifying MVCMM if there is ever any change in their financial situation or investment objectives so that MVCMM can review, and if necessary, revise its previous recommendations or services.

- C. MVCMM shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will determine each client's investment objectives. Thereafter, MVCMM will invest or recommend that the client invest their assets consistent with their investment objectives. Please see Item 8 for details regarding investment selection. The client may, at any time, impose reasonable restrictions, in writing, on MVCMM's services.
- D. There is no significant difference between how MVCMM manages wrap fee accounts and non-wrap fee accounts. However, as stated above, if a client determines to engage

MVCM on a wrap fee basis the client will pay a single fee for bundled services (i.e. investment advisory, brokerage, custody). The services included in a wrap fee agreement will depend upon each client's particular need. If the client determines to engage MVCM on a non-wrap fee basis the client will select individual services on an unbundled basis, paying for each service separately (i.e. investment advisory, brokerage, custody). When managing a client's account on a wrap fee basis, MVCM shall receive as payment for its investment advisory services, the balance of the wrap fee after all other costs incorporated into the wrap fee have been deducted. Therefore, MVCM has an incentive to minimize trading costs in wrap fee accounts.

- E. As of December 31, 2018, MVCM had \$568,818,412 in assets under management on a discretionary basis and \$821,208 in assets under management on a non-discretionary basis.

Item 5 Fees and Compensation

A.

NON-WRAP FEE BASIS

If a client determines to engage MVCM to provide discretionary or non-discretionary investment advisory services, MVCM's annual investment advisory fee is based on a percentage (%) of the market value of the assets placed under MVCM's management, to be charged quarterly in advance based on account valuation as of the last business day of the previous quarter, as follows:

<u>Account Assets</u>	<u>Fees % of Assets</u>	<u>Incremental Maximum</u>	<u>Total Maximum</u>	<u>Minimum Fees</u>
First \$250,000	1.50%	\$3,750	\$3,750	\$0
Next \$500,000	1.00%	\$5,000	\$8,750	\$3,750
Next \$250,000	0.75%	\$1,875	\$10,625	\$8,750
Next \$2,000,000	0.65%	\$13,000	\$23,625	\$10,625
Next \$2,000,000	0.50%	\$10,000	\$33,625	\$23,625
Next \$5,000,000	0.40%	\$20,000	\$53,625	\$33,625
Over \$10 Million	To be individually assessed.			

MVCM generally requires an aggregate minimum account value of \$1,000,000 per household for investment advisory services. MVCM's fee and minimum account requirements are negotiable in its discretion, depending upon objective and subjective factors including but not limited to the amount of assets to be managed; portfolio composition; the scope and complexity of the engagement; the anticipated number of meetings; future earning capacity; anticipated future additional assets; and negotiations with the client. Because of these factors, similarly situated clients could pay different fees, the services to be provided by MVCM to any particular client could be available from other advisers at lower fees, and certain clients may have fees different than those specifically set forth above.

MVCM PORTFOLIO MANAGER PROGRAM

If a client engages MVCM to provide investment management services on a wrap fee basis in accordance with MVCM's Program, the terms and conditions of the Program are discussed in the Wrap Fee Program Brochure—a copy of which is presented to all prospective Program participants. Under the Program, MVCM is able to offer participants discretionary investment management services, for a single specified annual Program fee, inclusive of trade execution, custody, reporting, and investment management fees. The current annual Program fee does not exceed 1.50%.

FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)

If requested by the client, MVCM may provide consulting services regarding non-investment related matters, such as estate, tax and insurance planning on a stand-alone basis. MVCM's planning and consulting fees are negotiable, but generally range from \$1,000 to \$20,000 on a fixed fee basis, and from \$175 to \$450 on an hourly rate basis, depending upon the level and scope of the services required and the professionals rendering the services. The exact amount of the fee will be included in a written agreement between MVCM and the client.

- B. Clients may elect to have MVCM's advisory fees deducted from their custodial account. Both MVCM's *Investment Advisory Agreement* and the custodial/clearing agreement may authorize the custodian to debit the account for MVCM's investment advisory fee and to directly remit that management fee to MVCM in compliance with regulatory procedures. In the limited event that MVCM bills the client directly, payment is due upon receipt of MVCM's invoice.
- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, MVCM shall generally recommend that Fidelity Investments, LLC ("*Fidelity*"), Charles Schwab & Co. ("*Schwab*") or TD Ameritrade, Inc. serve as the broker-dealer/custodian for client accounts. Broker-dealers such as *Fidelity*, *Schwab* and *TD Ameritrade, Inc.* charge brokerage commissions and transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain mutual funds, commissions are charged for individual equity transactions, and mark-ups and mark-downs are charged for fixed income transactions). Clients who engage MVCM on a wrap-fee basis will not incur these brokerage and transaction fees in addition to MVCM's wrap-fee. However, client accounts may invest in mutual funds (including money market funds) and ETFs that have various internal fees and expenses (i.e. management fees), which are paid by these funds but ultimately borne by clients as a fund shareholder. These internal fees and expenses are in addition to the fees charged by MVCM and are applicable to clients investing through the Program.
- D. MVCM's annual investment advisory fee will be prorated and paid quarterly, in advance, based upon the value of the client's accounts on the last business day of the previous quarter. The *Investment Advisory Agreement* between MVCM 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, MVCM shall refund the prorated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

- E. **Securities Commission Transactions.** Neither MVCMM, nor its representatives accept compensation from the sale of securities.

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

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

Item 7 Types of Clients

MVCMM's clients generally include high net worth individuals, individuals, pension and profit sharing plans, business entities, trusts, estates, and charitable organizations.

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

- A. MVCMM may utilize the following methods of security analysis:
- **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)

MVCMM 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)

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 MVCMM) will be profitable or equal any specific performance level(s).

- B. MVCMM'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 MVCMM must have access to current/new market information. MVCMM has no control over the dissemination rate of market information; therefore, unbeknownst to MVCMM, certain analyses may be compiled with outdated market information, severely limiting the value of MVCMM'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.

MVCMM's primary investment strategies - Long Term Purchases and Short Term Purchases - 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.

MVCM's approach to investing for long-term success is built upon values that its professional team members adhere to in all market environments:

- A changing world requires the *intelligence* and *agility* to anticipate and prepare for the unforeseen by constantly challenging our assumptions regarding the economic, geopolitical and socio-cultural influences that affect the risk and return characteristics of asset classes and investment choices. The world economy is currently in the early stages of a new phase of global capitalization that requires a fresh look at the twin sides of opportunity and risk.
- Successful investing requires the *patience* and *discipline* to manage a long-term strategy. We help our clients resist the natural temptation to act on emotion and maintain fidelity to a strategy suited to their individual goals, tolerances and circumstances.

Long-term investment success requires a deep understanding of fundamental portfolio value drivers and the ability to translate that understanding into a sustained process. Portfolio value drivers change in the face of short-term economic and geopolitical variables – X-factors – and evolve structurally over time as long-term global developments affect the interplay between different asset classes, sub-classes and the means of exposure thereto.

Strategic Framework:

At the core of MVCM's strategic framework is a three-fold investment process. The center of the process is beta-efficient asset class exposure according to our strategic (long-term) views on the major existing style classes across equities, fixed income and alternative assets. Flexible alpha is how we define our strategy for seeking excess returns. We term it "flexible" because where, when and how alpha may be achievable varies with capital market conditions and with our own abilities to source it either through the strategy of a particular money manager or through our own proprietary research, knowledge and models. Finally, peripheral positioning is a process by which we further refine our return-risk-correlation positioning through approaches such as sector, country or region overlays.

Consistent with our belief that there is no single "right" approach we employ both top-down and bottom-up methodologies. Top-down models are particularly important when considering the evolving structure of world markets and particularly the changing roles and texture of regional capital, consumer, service and manufacturing markets. On the other hand the relationship between any given asset's intrinsic value and its price in the market is driven by fundamental measures such as normalized cash flows, asset quality and capital structure. In our opinion there is strong evidence that different assets and even asset classes can demonstrate both short-term and systematic anomalies between price and value, and we look for effective ways to capture those anomalies when they exist.

X-factors are the short-term, unpredictable events that bring volatility to markets and risk assets. At any time we may have knowledge of potential X-factors – hurricanes, terrorist attacks, credit market defaults – but very little ability to predict their actualization or the likely magnitude of their effect.

Event testing based on historical scenarios can help us prepare for X-factors but not with any predictive ability. Market tectonics, on the other hand, refers to changes that happen more gradually and affect the market's underlying structure much in the way that geological plates do – they can creep along for years without notice and suddenly collide and cause massive disruption. We study market tectonics with a view towards understanding trends and positioning ourselves to benefit from them over the long term.

We are not short-term traders. Generally speaking we believe the cost of executing multiple transactions in a very short-time period outweighs the potential benefits. We are also not passive buy-and-hold investors. Our experience and our view of the road ahead show that significant opportunities exist to obtain favorable returns through a dynamic mix of asset allocation discipline, selective alpha hunting and ongoing refinement and customizing of our risk exposure.

Strategic Asset Allocation:

MVCM believes that strategic asset allocation is our single most important strategic decision given its high level of attribution in explaining overall investment performance. Strategic allocation is driven by two primary considerations: the client's capacity and propensity for assuming risk, and our long-term views on the risk, return and correlation relationship between different asset classes. We use both risk and style benchmarks as tools to measure our strategic and tactical allocation and our investment selection decisions.

Tactical Asset Allocation:

Our tactical decisions tend to reflect shorter-term views and lead to changes more frequently than strategic decisions. We employ tactical decisions at least on a one-year basis through re-weighting our asset class exposures, typically in the same time frame as our annual systematic rebalancing. Each December our investment committee goes through an extensive review of top-down and bottom-up factors and arrives at a consensus view for tactical weights. Tactical decisions are not limited to the annual rebalancing and reweighting process, however. We make active use of shorter-term overlay strategies, for example in industry sectors, countries or world regions. We may also make tactical decisions in certain areas such as fixed income duration exposure in line with our bond and credit market views.

Investment Selection:

Central to the investment selection process is a core discipline that constantly asks: are we employing all of the best opportunities at hand to deliver the strongest portfolio returns? Mutual funds and money managers employ security-selection techniques to maximize their returns to benchmark, and we employ similar techniques in evaluating managers. This entails a continuous evaluation process of our investment choices and of the percentages we allocate to mutual funds, Independent Managers, exchange-traded funds (ETFs), customized products and other investment vehicles.

Monitoring, Rebalancing, and Communications:

Rebalancing is designed to periodically bring a portfolio's asset class weights back in line with the original policy portfolio. As a rule of practice we perform a strategic rebalancing on an annual basis (i.e. one year from the date on which the model portfolio was fully

invested). Rebalancing is a discipline shown to have significant benefits to investors over the long term.

On certain occasions portfolio weightings may move significantly out of line with the model as a result of capital market developments within the usual one-year rebalancing period. We retain the flexibility to react to these changes and take action if circumstances suggest. However, we do not maintain a strict percentage-of-portfolio threshold for making rebalancing decisions. On the basis of ongoing monitoring and the availability of significant-variance reports we will make a qualitative consideration as to the need to conduct interim systematic rebalancing.

- C. Currently, MVCMM primarily invests client assets among various mutual funds, ETFs, individual equity (stocks) and fixed income securities on a discretionary or non-discretionary basis in accordance with the client's investment objectives.

As disclosed above, MVCMM may invest or recommend that the client invest using unaffiliated independent investment managers in accordance with the client's designated investment objectives. In these situations, the Independent Manager has the day-to-day responsibility for the active discretionary management of the client's assets. MVCMM will continue monitor and review the client's account performance, asset allocation and investment objectives. Factors that MVCMM considers in recommending Independent Managers include the client's designated investment objectives, and the manager's management style, performance, reputation, financial strength, reporting capabilities, pricing structure, and published research. (*See* Item 4.B).

Item 9 Disciplinary Information

Neither MVCMM nor any of its management persons have been the subject of any disciplinary actions.

Item 10 Other Financial Industry Activities and Affiliations

- A. **Broker Dealer.** Neither MVCMM, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither MVCMM, 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. **Affiliated Insurance Firm / Licensed Insurance Agents.** MV Financial Group, Inc. ("MVFG") is an affiliated insurance agency, that is licensed in various states to sell life and health insurance, as well as variable annuities. Certain of MVCMM's representatives, in their individual capacities, are licensed insurance agents, working through MVFG, and may recommend the purchase of certain insurance-related products on a commission basis.

The recommendation by MVCMM's representatives that a client purchase an insurance commission product presents a 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 products from MVCMM's representatives. Clients are reminded that they may purchase insurance products recommended by MVCMM through other, non-affiliated insurance agents.

MVCMM's Chief Compliance Officer, Mark Underwood, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.

- D. MVCMM does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

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

- A. MVCMM maintains an investment policy relative to personal securities transactions. This investment policy is part of MVCMM's overall Code of Ethics, which serves to establish a standard of business conduct for all of MVCMM'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, MVCMM also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by MVCMM or any person associated with MVCMM.

- B. Neither MVCMM nor any related person of MVCMM recommends, buys, or sells for client accounts, securities in which MVCMM or any related person of MVCMM has a material financial interest.
- C. MVCMM and/or representatives of MVCMM *may* buy or sell securities that are also recommended to clients. This practice may create a situation where MVCMM and/or representatives of MVCMM are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a 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 MVCMM 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 prior to those of MVCMM's clients) and other potentially abusive practices.

MVCMM has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of MVCMM's "Access Persons." MVCMM's securities transaction policy requires that an Access Person of MVCMM must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date MVCMM selects.

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

Item 12 Brokerage Practices

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

Factors that MVCVM considers in recommending *Fidelity*, *Schwab* and *TD Ameritrade, Inc.* (or any other broker-dealer/custodian to clients) include historical relationship with MVCVM, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by MVCVM's clients shall comply with MVCVM'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 MVCVM determines, in good faith, that the commission/transaction fee is reasonable in relation to the value of the brokerage and research services received. 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 MVCVM 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, MVCVM's investment management fee. MVCVM'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.

Although most clients choose to use Fidelity as their custodian, there are a few clients held at TD Ameritrade, one client directing MVCVM to use PNC Bank, and no clients using Schwab as of the date of this filing. Unless directed otherwise by the client, the custodian of the client's assets is also used as the broker-dealer.

Research and Additional Benefits. MVCVM receives from Fidelity, Schwab and TD Ameritrade, Inc. (and potentially other broker-dealers, custodians, investment platforms, unaffiliated investment managers, vendors, or fund sponsors) free or discounted support services and products. Certain of these products and services assist MVCVM to better monitor and service client accounts maintained at these institutions. The support services that MVCVM obtains can include investment-related research; pricing information and market data; compliance or practice management-related publications; discounted or free attendance at conferences, educational or social events; or other products used by MVCVM

to further its investment management business operations.

Certain of the support services or products received may assist MVCMM in managing and administering client accounts. Others do not directly provide this assistance, but rather assist MVCMM to manage and further develop its business enterprise.

MVCMM has entered into a Soft Dollar Arrangement with Fidelity. In return for effecting securities transactions through Fidelity, MVCMM may receive certain investment research products or services that assist MVCMM in its investment decision-making process pursuant to Section 28(e) of the Securities Exchange Act of 1934 (generally referred to as a “soft-dollar” arrangement). Investment research products or services received by MVCMM may include, but are not limited to, analyses pertaining to specific securities, companies or sectors; market, financial and economic studies and forecasts; financial publications, portfolio management systems, and statistical and pricing services. Although the commissions paid by MVCMM’s clients shall comply with MVCMM’s duty to seek best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where MVCMM determines, in good faith, that the commission is reasonable in relation to the value of the brokerage and research services received. 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 a broker-dealer services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although MVCMM will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. Although the investment research products or services that may be obtained by MVCMM will generally be used to service all of MVCMM’s clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client’s account. With respect to investment research products or services obtained by MVCMM that have a mixed use of both a research and non-research (i.e., administrative, etc.) function, MVCMM shall make a reasonable allocation of the cost of the product or service according to its use - the percentage of the product or service that provides assistance to MVCMM’s investment decision-making process will be paid for with soft dollars while that portion which provides administrative or other non-research assistance will be paid for by MVCMM with hard dollars. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are in addition to MVCMM’s investment management fee

MVCMM’s clients do not pay more for investment transactions effected or assets maintained at Fidelity, Schwab and TD Ameritrade, Inc. because of these arrangements. There is no corresponding commitment made by MVCMM to Fidelity, Schwab and TD Ameritrade, Inc. 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 result of the above arrangements.

MVCMM’s Chief Compliance Officer, Mark Underwood remains available to address any questions that a client or prospective client may have regarding the above arrangement and the conflicts of interest this arrangement creates.

MVCMM does not receive referrals from broker-dealers.

MVCM 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 MVCM 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 MVCM. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

In the event that the client directs MVCM to effect securities transactions for the client's accounts through a specific broker-dealer, the client acknowledges that 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 MVCM.

MVCM's Chief Compliance Officer, Mark Underwood, remains available to address any questions that a client or prospective client may have regarding the above arrangement.

- B. The transactions for each client account generally will be effected independently, unless MVCM decides to purchase or sell the same securities for several clients at approximately the same time. MVCM may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among MVCM's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. MVCM shall not receive any additional compensation or remuneration as a result of such aggregation.

Item 13 Review of Accounts

- A. For those clients to whom MVCM provides investment services, account reviews are conducted on an ongoing basis by MVCM's investment advisory representatives. All clients are advised that it remains their responsibility to advise MVCM 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 MVCM on an annual basis.
- B. MVCM *may* conduct account reviews on an other than 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 transaction confirmation notices and regular written 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. above, MVCMM receives economic benefits from Fidelity, Schwab and TD Ameritrade, Inc.
- B. Neither MVCMM nor any related person of MVCMM directly or indirectly compensates any person for client referrals.

Item 15 Custody

MVCMM has 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 transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. MVCMM may also provide a written periodic report summarizing account activity and performance.

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

Item 16 Investment Discretion

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

Clients who engage MVCMM on a discretionary basis may, at any time, impose restrictions, in writing, on MVCMM's discretionary authority. (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase certain securities, etc.).

Item 17 Voting Client Securities

- A. MVCMM does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.

MVCMM will not be responsible and each client has the right and responsibility to take any actions with respect to any legal proceedings, including without limitation, bankruptcies and shareholder litigation, and the right to initiate or pursue any legal proceedings, including without limitation, shareholder litigation, including with respect to transactions, securities or other investments held in the client's account or the issuers thereof. MVCMM is not obligated to render any advice or take any action on a client's behalf with respect to

securities or other property held in the client's account, or the issuers thereof, which become the subject of any legal proceedings, including without limitation, bankruptcies and shareholder litigation, to which any securities or other investments held or previously held in the account, or the issuers thereof, become subject.

- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact MVCAM to discuss any questions they may have with a particular solicitation.

Item 18 Financial Information

- A. MVCAM does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. MVCAM 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. MVCAM has not been the subject of a bankruptcy petition.

ANY QUESTIONS: MVCAM's Chief Compliance Officer, Mark Underwood, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.

Disciplinary Information, Other Business Activities, and Additional Compensation:

There are no legal or disciplinary events to disclose for any of the officers, advisors, or employees of MVCN as listed above to report. None of these individuals are involved in other outside business activities or receive additional compensation not disclosed in this document.

MV CAPITAL MANAGEMENT, INC.

PRIVACY NOTICE

MV Capital Management, Inc. (referred to as “MVCM”) maintains physical, electronic, and procedural safeguards that comply with federal standards to protect its clients’ nonpublic personal information (“information”). Through this policy and its underlying procedures, MVCM attempts to secure the confidentiality of customer records and information and protect against anticipated threats or hazards to the security or integrity of customer records and information.

It is the policy of MVCM to restrict access to all current and former clients’ information (i.e., information and records pertaining to personal background, investment objectives, financial situation, tax information/returns, investment holdings, account numbers, account balances, etc.) to those employees and affiliated/nonaffiliated entities who need to know that information in order to provide products or services in furtherance of the client's engagement of MVCM. In that regard, MVCM may disclose the client’s information: (1) to individuals and/or entities not affiliated with MVCM, including, but not limited to the client’s other professional advisors and/or certain service providers that may be recommended or engaged by MVCM in furtherance of the client's engagement of MVCM (i.e., attorney, accountant, insurance agent, broker-dealer, investment adviser, account custodian, record keeper, proxy management service provider, etc.); (2) required to do so by judicial or regulatory process; or (3) otherwise permitted to do so in accordance with the parameters of applicable federal and/or state privacy regulations. The disclosure of information contained in any document completed by the client for processing and/or transmittal by MVCM to facilitate the commencement/continuation/termination of a business relationship between the client and/or between MVCM and a nonaffiliated third party service provider (i.e., broker-dealer, investment adviser, account custodian, record keeper, insurance company, etc.), including, but not limited to, information contained in any document completed and/or executed by the client in furtherance of the client's engagement of MVCM (i.e., advisory agreement, client information form, etc.), shall be deemed as having been automatically authorized by the client with respect to the corresponding nonaffiliated third party service provider.

MVCM permits only authorized employees and affiliates who have signed a copy of MVCM’s Privacy Policy to have access to client information. Employees violating MVCM’s Privacy Policy will be subject to MVCM’s disciplinary process. Additionally, whenever MVCM hires other organizations to provide services to MVCM’s clients, MVCM will require them to sign confidentiality agreements and/or the Privacy Policy.

Should you have any questions regarding the above, please contact Mark E. Underwood, Chief Compliance Officer.

www.mvfinancial.com



CAPITAL
MANAGEMENT

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