



Please sign this form and return it to MCS Family Wealth Advisors, either by mail to the address below, or at our Introductory Meeting. Do not return the Form ADV, Part 2 or Form CRS. They are yours to keep.

## **Receipt of Form ADV Acknowledgment**

By my signature below I acknowledge receipt of MCS Family Wealth Advisors' Form ADV, Parts 2 and 3 (Form CRS), the disclosure documents that MCS Family Wealth Advisors files in accordance with the rules of the Securities and Exchange Commission. I have been advised that these documents contain important information about MCS Family Wealth Advisors, as well as the firm's fee structure, conflicts of interest, and privacy policy.

_____	_____
Signature	Date

_____	_____
Signature	Date





*Transform money from a source of worry to a resource for fulfillment®*

**Firm Brochure**  
(Part 2A of Form ADV)

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This document provides information about the qualifications and business practices of MCS Family Wealth Advisors. If you have questions about the contents of this brochure, or if you would like a copy, please contact us by email at: [jeff@mcsfamilywealth.com](mailto:jeff@mcsfamilywealth.com), or call us toll-free at: 800-525-8808. 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 MCS Family Wealth Advisors is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

29 February 2024

# Material Changes

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## Annual Update

The Material Changes section of this brochure will be updated annually or when material changes occur since the previous release of the Firm Brochure.

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## Material Changes since the Last Annual Update

Hourly fees were increased October 10, 2023.

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: 800-525-8808 or by email at: [jeff@mcsfamilywealth.com](mailto:jeff@mcsfamilywealth.com) or [michael@mcsfamilywealth.com](mailto:michael@mcsfamilywealth.com).

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# Advisory Business

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## Firm Description

MCS Family Wealth Advisors (MCS) offers asset management, personal financial planning and family wealth counseling to individuals, families, pension plans, business owners and family businesses. We specialize in providing hard-to-break wealth management strategies for high-net-worth clients. MCS offers informed and objective, yet highly personalized services, which may include asset management; retirement, estate, fringe benefits, education, charitable goals or special needs planning; family business issues including succession; expert witness testimony; and family business or family wealth diagnostic tools.

MCS is an independent, privately owned, fee-only wealth management firm and was founded in 1991 by Michael C. Stalker, CFA. MCS employs Michael Stalker and Jeff Yamada, a Certified Financial Planner® professional. MCS outsources most of its non-professional tasks to specialists in fields such as accounting, human resources, and operations. This structure allows our advisors to focus their attention on professional services to our clients.

Independent means that we work for the client. MCS does not represent or work for any other financial institution or firm. Clients receive unbiased, individually tailored recommendations based solely on their personal and financial needs and goals. Fee-only means that clients compensate MCS directly for our services and all of our charges are clearly disclosed. We are not influenced by potential commissions or referral rewards.

Our financial philosophy is based on research that shows conservative risk-taking often leads to greater wealth accumulation than aggressive risk-taking. We strive to produce more predictable results by narrowing the range of possible outcomes. Our approach promotes consistent long-term asset growth. We *manage risk to increase wealth*® for our clients.

The professionals at MCS take a pragmatic approach to achieve the best possible outcome. We designed our approach to reduce the volatility of returns, and our mission is to *Transform money from a source of worry to a resource for fulfillment*®.

MCS asset management clients engage independent custodians, such as Charles Schwab & Co., and MCS obtains a limited power of attorney from each independent custodian to provide portfolio management services. Clients receive account statements from both their independent custodian and MCS.



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## **Firm History**

MCS Family Wealth Advisors was founded in 1991 by Michael C. Stalker, who began his financial career in 1983 as a stockbroker for NYSE member Newhard, Cook & Co. Michael soon came to realize that the interests of financial service companies often conflicted with the financial goals of the client. He saw that many clients needed more than mere brokerage services (i.e. facilitating the purchase of investment products). Clients needed unbiased investment advice from someone who would act in their best interests. In 1988, Michael earned the Chartered Financial Analyst designation, and began managing client investment assets in a fiduciary capacity in 1991.

As the financial planning profession grew, Michael realized that many of his clients required services that went beyond asset management. In 1998, Michael met the requirements to hold the Certified Financial Planner® designation, and since 2003 Michael has employed Certified Financial Planner® professionals on his staff.

MCS is an independent, fee-only firm.

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## **Types of Advisory Services**

MCS provides investment supervisory services, also known as asset management services or investment management services, and comprehensive financial planning services. These services are described in more detail in the “Types of Agreements” section of this brochure.

Occasionally, MCS furnishes advice to clients on matters not involving securities, such as individual components of financial planning (including, but not limited to: retirement planning, estate planning, tax planning, or education planning), expert witness, business consulting, and family wealth consulting services.

MCS also receives income from administering the Aspen Family Business Inventory, an assessment used in family business consulting.

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## **Sub-Advisors**

As part of our investment advisory services, we may use one or more sub-advisors to manage a portion or all of your investments on a discretionary basis. The sub-advisor(s) may use one or more model portfolios to manage your account and/or they may design a custom portfolio. We will regularly monitor the performance of your accounts managed by the sub-advisor(s), and may hire and/or fire any sub-advisor or re-allocate your assets without your prior approval based on you granting our firm discretionary authority.

Upon entering into a Statement of Understanding with us, you authorize us to use sub-advisor(s) to service your account. You agree to allow us to share non-public,

personal information with the sub-advisor for the purpose of administering and managing your account. We require any sub-advisor to execute a confidentiality agreement and not share Client information with any unauthorized person or entity.

If a sub-advisor is utilized for your account, you will incur additional advisory fees. On your behalf, MCS will exercise its best efforts to negotiate the lowest sub-advisory fee available. You will be required to execute a limited power of attorney ("LPOA") with MCS authorizing the sub-advisor to trade securities in your account, deduct its fee directly from your brokerage account, and granting MCS the power to open one or more separate brokerage accounts for the sub-advisor(s) at the custodian.

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**Principal Owners**

The Restated Stalker Family Trust is the sole owner of MCS Financial Advisors, LLC, dba MCS Family Wealth Advisors.

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**Amount of Assets Under Management**

As of 12/31/2023, MCS manages approximately \$146,136,700 in assets for 66 clients. All assets are managed on a discretionary basis.

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**We Do Not Participate in Wrap Fee Programs**

MCS does not sponsor, nor has it ever sponsored, any wrap fee program. A wrap fee program is defined as any advisory program under which a specified fee or fees not based directly upon transactions in a client's account is charged for investment advisory services (which may include portfolio management or advice concerning the selection of other investment advisers) and the execution of client transactions.

## Agreements and Compensation

The following agreements define the typical client relationships.

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### Investment Management Agreement

The financial needs of each person, each family, and each business are unique. We learn as much as we can about a client's situation - financial status, lifestyle, values, and goals. This attention to each individual allows the professionals at MCS to provide effective investment selection and ongoing care of the investment portfolios under our management.

A Statement of Understanding is executed by the client and Michael Stalker for all Asset Management engagements.

MCS provides investment management services on a discretionary basis.

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### Investment Management Fees

The annual fee is subject to a \$19,000 per client per year (\$4,750 per quarter) minimum. Client accounts may be aggregated for fee calculation purposes. Where an exception to this minimum is granted for grandfathered Clients or for family members of Clients or employees, the minimum annual Fee may be expressed as 0.95% of assets with lower annual minimum amounts or, for Allied Professionals (defined as an attorney, tax professional or consultant with whom MCS shares, or shared, a client), 0.95% of assets with a \$9,500 annual minimum fee. In any case, the annual fee will not exceed 3% of the value of assets under management. Fees for portfolio advisory and management services are based on the account market value, prorated for any cash flow, at the end of each quarter. If the management of the Account commences at any time other than the beginning of a calendar quarter, the first quarterly fee shall be the greater of the prorated minimum quarterly Fee, or the prorated cash flows occurring during the quarter times the above scheduled percentages. Fees are deducted directly from Client's brokerage account upon separate written authorization, unless Client requests to pay by check. Clients who pay by check are mailed an invoice. Payment of fees may result in the liquidation of Client's securities if there is insufficient cash in the Account. If Client assets are invested in mutual funds, Client may be required to pay, in addition to the Adviser's fee, a proportionate share of the mutual fund's fees and charges. Clients are responsible for fees charged by their custodian, such as trade commissions, wire transfer fees, special custody fees, etc.

Our fee schedule is as follows:

**First \$2,000,000:** \$19,000 annually

**Next \$3,000,000:** 0.85%

**Next \$5,000,000:** 0.70%

**Balances over \$10,000,000:** Negotiable

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## **Comprehensive Financial Planning Agreement**

A comprehensive financial plan is designed to help clients with the major aspects of their finances and does not require investment management after the financial plan is completed (although asset management may be part of the engagement). Comprehensive financial planning services are outlined in the Financial Planning Engagement Letter.

The financial plan may include, but is not limited to: a SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis; a net worth statement; a cash flow statement; a review of investment accounts, including reviewing asset allocation and providing repositioning recommendations; strategic tax planning; a review of retirement accounts and plans including recommendations; a review of insurance policies and recommendations for changes, if necessary; one or more retirement scenarios; estate planning review and recommendations; and education planning with funding recommendations.

Detailed investment advice and specific recommendations are provided as part of a financial plan. Implementation of the recommendations is at the discretion of the client.

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## **Financial Planning Fees**

The estimated fee for a financial plan is based upon the facts known at the start of the engagement. Fees are computed at an hourly rate of \$300 or \$400 (depending on the advisor), and the final cost generally runs between \$7,000 to \$10,000 for a personal financial plan and \$12,000 to \$25,000 for a financial plan for business owners. Fees are billed monthly in arrears, and clients are required to make an initial payment of \$2,500 before a comprehensive financial planning engagement begins.

Since financial planning is a discovery process, certain financial exposures or predicaments may be brought to the client's attention. Once identified, additional time and expense may be needed to address these issues. Also, clients impact the overall cost of the financial plan by providing accurate and complete information, making financial plan development less time consuming.

After delivery of a financial plan, future face-to-face meetings may be scheduled as necessary. Should the client wish to engage MCS to assist in implementation of planning recommendations, this service can be performed at a reduced rate of \$225 per hour (see Hourly Planning Engagements).

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## Hourly Planning Engagements

In certain circumstances financial advice that falls outside of our asset management or comprehensive financial planning services may be provided at the request of the client. This may include personal or corporate business and financial matters not involving securities, such as acting as an expert witness in securities litigation cases, insurance consultation, succession planning, estate planning, etc. These services are computed at an hourly rate as services are delivered and are invoiced monthly.

Hourly rates are:

- |  |       |
|--|-------|
| ▪ Family Business / Wealth Counseling              | \$400 |
| ▪ Chartered Financial Analyst (CFA)                | \$400 |
| ▪ CERTIFIED FINANCIAL PLANNER® (CFP®) Professional | \$300 |
| ▪ Expert Witness Engagement                        | \$500 |
| ▪ Concierge / Financial Plan Implementation        | \$225 |

Family Business Consulting and Business/Practice Consulting may be billed on an hourly, project or per diem basis. Rates vary by scope of the engagement.

MCS does not provide investment management or investment allocation advice on a stand-alone, hourly basis. Securities investment supervision on a fiduciary basis involves continuous, ongoing monitoring of client assets, and advice given today could be impacted dramatically by tomorrow's events.

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## Termination of Agreement

A Client may terminate the Comprehensive Financial Planning or Hourly Planning Engagements at any time by notifying MCS in writing and paying the outstanding hourly charges for the time spent on the engagement prior to notification of termination. If the client made an advance payment, MCS will refund any unearned portion of the advance payment.

MCS may terminate any of the aforementioned agreements at any time by notifying the client in writing. If the client made an advance payment, MCS will refund any unearned portion of the advance payment.

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**Conflict of Interest Management**

MCS limits potential conflicts of interest in the following ways:

- We are independent – no other firm owns MCS, nor does MCS own other financial firms. We are not affiliated with a brokerage firm, an insurance firm, a bank, or any other financial institution that would directly or indirectly compensate us for our clients' business
- We do not participate in Wrap-Fee programs
- We do not manage or act as principal in any private investment funds
- We do not sell insurance or other financial products for a commission
- We do not act as principal and sell securities that we own to our clients
- We do not have performance fee arrangements
- We do not enter into "Soft Dollar" agreements with brokers
- We do not participate in revenue-sharing arrangements
- We neither pay nor receive client referral fees

A potential conflict of interest arises when our Investment Management clients engage us for financial planning. Any financial planning advice that increases assets under our management will increase the investment management fee, and any advice that decreases assets under our management will decrease the management fee. The types of questions which could give rise to this conflict are questions such as: whether to pay off or pay down a home mortgage; whether to take a lump sum or an annuity from a pension plan; and whether to invest or maintain investments in assets that we will not manage. We strive to maintain a high degree of objectivity and to ensure that our advice is not based on these considerations. However, the potential for conflict of interests exists, and investment management clients should be aware of that fact as they consider our financial planning recommendations.

## **Performance-Based Fees**

Performance-based fees are fees based on a share of capital gains on or capital appreciation of the assets of a client (this formula is common in hedge funds or other pooled investment vehicles), usually in comparison to a market benchmark index. MCS believes that performance-based fees may provide an incentive to favor riskier investments that are more likely to produce volatile returns, a result anathema to our investment philosophy.

MCS does not charge performance-based fees.

## **Types of Clients**

MCS generally provides investment advice to individuals, families, trusts, estates, business owners or charitable organizations, corporations, retirement plans or business entities.

Client relationships vary in scope and length of service.

Based on the minimum asset management fee, the minimum asset management relationship is generally \$2,000,000. For asset management relationships where the client cannot meet the \$2,000,000 minimum, the \$19,000 minimum annual fee applies. For comprehensive financial planning engagements, a client net worth of \$4,000,000 or more is generally recommended.

## **Methods of Analysis, Investment Strategies and Risk of Loss**

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### **Methods of Analysis**

Security analysis methods may include charting, fundamental analysis, technical analysis, and cyclical analysis.

The main sources of information include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

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## **Investment Philosophy and Strategies**

Our investing philosophy is designed to produce more predictable results by narrowing the range of possible outcomes.

Consistent long-term returns depend on both earning and not losing money. For example, a loss of 33% turns an investment of \$1,500 into an investment of \$1,000. In order to get back to the \$1,500 starting point, an investor needs to earn 50% on the remaining capital.

Taking this into account, the professionals at MCS take a pragmatic approach to achieve the best possible outcomes. Results have shown that prudent risk-taking often leads to greater wealth accumulation than aggressive risk-taking. Behavioral finance research has demonstrated this phenomenon – most investors are naturally wired to make poor risk management decisions.

At MCS, we are disciplined, patient, and opportunistic investors. We believe that successfully managing money means managing both risk and return. Our approach promotes consistent long-term asset growth.

Our investment strategy focuses on determining which asset class (stocks, bonds, commodities, real estate) will likely produce the best risk-adjusted returns. There is typically a significant allocation to investment grade fixed income securities to establish reliable cash flow, a source of compounding, and increased risk-adjusted returns.

To execute the investment strategy, MCS primarily purchases individual stocks or bonds, but we may also purchase mutual funds including index funds, exchange traded funds, closed end funds, real estate investment trusts, master limited partnerships and other publicly traded securities.

MCS does not use a bucket approach to allocating client investments (a bucket approach quickly dumps new client moneys into the same securities that are owned by other investors in the same bucket). No two MCS client securities portfolios look exactly alike, although the asset allocations may be similar. MCS believes that new clients want to own the best ideas now, not the best ideas of 3 years ago.

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## **Risk of Loss**

MCS asks its clients to complete an investment objectives document that specifies the amount of annual portfolio loss in percentage terms that is acceptable to them. Clients should be aware that investing in securities involves a risk of loss that they should be prepared to bear.

Our investment approach constantly keeps the risk of loss in mind. Investors face the following risks:

- **Interest-Rate Risk:** Fluctuations in interest rates may cause corresponding investment price fluctuations. For example, when interest rates rise, bonds become less attractive, causing their prices to decline. Stocks and other asset classes may decline in price as well.



- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year. Purchasing power erodes due to increasing price levels for a broad basket of goods and services.
- **Deflation Risk:** The decline in asset values and price levels for a broad basket of goods and services due to a lack of demand. The opposite of Inflation Risk, this raises the future purchasing power of a dollar.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate, earnings per share ratio or earnings yield).
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate is not. When an asset becomes illiquid, its sale value may drop dramatically compared to its intrinsic value.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

## **Disciplinary Information**

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### **Legal and Disciplinary**

MCS and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

## **Other Financial Industry Activities and Affiliations**

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### **Financial Industry Activities**

None.

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**Financial Industry Affiliations**

None.

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

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### **Code of Ethics**

As a fiduciary, MCS has a duty of utmost good faith to act solely in the best interests of each of our clients. Our clients entrust us with their funds, which in turn places a high standard on our conduct and integrity. Our fiduciary duty compels all employees to act with the utmost integrity in all our dealings. This fiduciary duty is the core principle underlying the MCS Code of Ethics and Personal Trading Policy, and it is the basis of all of our dealings with our clients.

The MCS Code of Ethics consists of the following core principles:

1. The interests of clients will be placed ahead of MCS's or any employee's own investment interests.
2. Employees are expected to conduct their personal securities transactions in accordance with the Personal Trading Policy and will strive to avoid any actual or perceived conflict of interest with the client. Employees with questions regarding the appearance of a conflict with a client should consult with the CCO or Compliance Administrator before taking action that may result in an actual conflict.
3. Employees will not take advantage of their position with MCS.
4. Employees are expected to act in the best interest of each of our clients.
5. Employees are expected to comply with federal securities laws. Strict adherence to this policy manual will assist the employee in complying with this important requirement.

A complete copy of our Code of Ethics is available to clients upon request.

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

MCS and its employees may buy or sell securities that are also held by clients. Employees may not trade their own securities ahead of client trades. Employees comply with the provisions of the *MCS Compliance Manual*.

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### **Personal Trading**

MCS trades individual bond, stock and mutual fund positions for its clients. The personal trading policy takes into consideration the differences in the operation of the bond and stock markets and the ability of an employee's trades to materially alter the price of a security on these markets. Employees may purchase or sell a security for their personal accounts only when that trade will not disadvantage clients. Personal accounts of the employee

include all accounts for family members living within the employee's household and accounts over which the employee has authority even though the account owner does not live within the same household as the employee.

- (1) Any employee contemplating a trade to the contrary must consult with the CCO *before* conducting his or her personal trade.
- (2) It is the employee's responsibility to know which securities are being traded by MCS. The employee may consult with the CCO to determine whether a security is an appropriate purchase by the employee.

#### Initial Public Offerings and Private Placements

All employees are required to obtain approval from the CCO *before* investing in an initial public offering ("IPO") or a private placement, defined as an equity position within a non-public company. The CCO will obtain approval from the Compliance Administrator before investing in an IPO or private placement.

## Brokerage Practices

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### Selecting Brokerage Firms

MCS does not have any affiliation with product sales firms. Specific custodian recommendations are made to Clients based on their need for such services. MCS recommends custodians based on the proven integrity and financial responsibility of the firm, the best execution of orders at reasonable commission rates, and the ability of the custodian to facilitate client requests.

MCS may recommend that clients establish brokerage accounts with a registered broker-dealer who provides prime brokerage services, to maintain custody of clients' assets and to effect trades for their accounts. Prime broker relationships provide MCS and its clients with access to lower cost institutional class investment products, trading and operations services, which are otherwise available only to institutional investors or would require a significantly higher minimum initial investment. Prime brokers also make available to MCS other products and services that benefit MCS in managing and administering clients' accounts or help MCS manage and further develop its business enterprise. Prime brokers may discount or waive fees they would otherwise charge MCS or its clients for some of these services or pay all or a part of the fees of a third-party providing these services to MCS. The availability these products or services to MCS is not contingent upon MCS committing to a prime broker any specific amount of trading.

MCS does not receive fees or commissions from any of these arrangements.

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### Best Execution

Consistent with our fiduciary obligations, MCS seeks best execution in all transactions. We define best execution as the best price we believe we may obtain for a specific trade in light of all relevant circumstances. MCS's Trading and Brokerage Policy is designed to assist MCS in meeting its goal of seeking

best execution in all transactions. MCS will formally review trading and brokerage practices periodically. A primary reason for this review is to improve upon our best execution process.

MCS selects broker-dealers used in executing trades for client accounts. We consider various factors in selecting a broker, including:

- Financial condition;
- Acceptable record keeping;
- Ability to obtain best price;
- Knowledge of market, securities and industries;
- Commission structure;
- Reputation and integrity; and
- Ability to execute trades for thinly traded or illiquid securities.

MCS's relationship with each client is non-exclusive; in other words, MCS provides investment advisory services to multiple clients. Although MCS seeks to avoid situations in which one client's interest may conflict with the interest of another of its clients, some circumstance could arise that put clients' interests in conflict. For example, when purchasing or selling a thinly traded equity, MCS may not be able to complete the order for all of its clients in the same day, which will cause some clients' trades to be executed at different prices than other clients' trades.

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### **Soft Dollars**

MCS does not enter into soft dollar compensation agreements.

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### **Order Aggregation**

When practical, client trades in the same security will be bunched in a single order (a "block") in an effort to obtain best execution at the best security price available. When possible, the allocations of a particular security will be determined by MCS before the trade is placed with the broker. MCS will make every effort to allocate fairly any block purchases or sales of securities. When employing a block trade:

- We will attempt to fill client orders by day-end;
- If the block order is not filled by day-end, MCS will allocate shares executed to underlying accounts on a pro rata basis, adjusted as necessary to keep client transaction costs to a minimum, in accordance with specific account guidelines and with regard to each account's overall asset allocation (for example, new accounts with a large percentages of cash may receive a larger allocation than established, fully invested accounts);

- If a block order is filled (full or partial fill) at several prices through multiple trades, an average price and commission will be used for all trades executed;
- All participants receiving securities from the block trade will receive the average price; and
- Only trades executed within the block on the single day may be combined for purposes of calculating the average price.

It is expected that this trade aggregation and allocation policy will be applied consistently. However, we may deviate from this policy if its application results in unfair or inequitable treatment to some or all of MCS' clients.

MCS may execute trades with brokers who charge a higher commission rate than other brokers that trade the same security, if we determine that the trade is consistent with our duty to seek best execution.

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### **Cross Transactions**

From time to time MCS may sell a bond from one client's account that would be appropriate to purchase for another client's account. These transactions are not cross trades but are cross transactions. In order to avoid a cross trades in these situations our procedures are as follows:

- MCS requests bids from several independent third-party brokers on the bond to be sold and selects the broker with the highest bid for the sell transaction.
- If MCS believes the bond's agreed upon sales price would still be a competitive price for a purchase of that bond, MCS will ask the independent third-party broker to re-offer the bond to MCS.
- MCS then has the option of accepting or rejecting the re-offer price.
- If MCS accepts the re-offer price, then the bond may be placed in another client's account.

## **Review of Accounts**

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### **Periodic Reviews**

Account reviews are performed periodically throughout the year by advisors Michael Stalker and Jeff Yamada. Account reviews are performed more frequently when market conditions dictate.

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### **Review Triggers**

Other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a client's personal circumstances.

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**Regular Reports**

Asset management clients receive quarterly performance reports from MCS. In addition, MCS will provide tax reporting, projected income reports, cash reconciliations and other reports to meet client needs. Financial planning or consulting clients receive customized reports based on the nature of the engagement and their financial situation. Reports may include net worth and cash flow reports and projections, retirement projections, financial SWOT analysis (Strengths, Weaknesses, Opportunities and Threats), insurance adequacy, estate estimates, risk assessments, comments on business risks and recommendations specific to their unique circumstances.

## **Client Referrals and Other Compensation**

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**Incoming Referrals**

MCS has been fortunate to receive many client referrals over the years. The referrals came from current clients, estate planning attorneys, accountants, employees, personal friends of employees and other similar sources. MCS does not compensate referring parties for these referrals, nor does MCS employ or engage solicitors.

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**Referrals Out**

MCS does not accept referral fees or any form of remuneration from other professionals when we refer a prospect or client to them.

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**Other Compensation**

None. Asset management fees and hourly billings paid by clients, or fees charged to administer the Aspen Family Business Inventory, are our sole sources of compensation.

## **Custody**

With the exception of our ability to deduct client fees from custodial accounts, MCS does not have custody of client assets.

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**Account Statements**

All assets are held at independent third-party custodians such as Charles Schwab & Co. Inc. The custodian(s) provides account statements directly to clients at their address of record at least quarterly but usually monthly.

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**Performance Reports**

Clients are encouraged to compare the account statements received directly from their custodians to the performance reports provided by MCS. MCS obtains securities pricing and transaction data directly from the custodian on a daily basis.

# Investment Discretion

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## **Discretionary Authority for Trading**

MCS accepts discretionary authority to manage securities accounts on behalf of clients. MCS has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold based on the investment policy that clients have approved in writing.

The client approves the custodian to be used and the commission rates paid to the custodian. MCS does not receive any portion of the transaction fees or commissions paid by the client to the custodian.

MCS uses many brokers to obtain best execution for clients. Best execution considers commissions, spreads and comparisons to prices of other similar securities. When using a broker other than the prime (custodian) broker the securities or cash payment is delivered to or from the prime (custodian) broker (broker holding client assets) to the transacting broker. All client assets are held at the prime broker.

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## **Limited Power of Attorney**

Asset management clients sign a limited power of attorney, which is a trading authorization that allows MCS to transact securities trades on our clients' behalf. It may also allow MCS to move money to client accounts with identical account registrations and to issue checks to the client at the address of record, or it may also allow MCS to deduct asset management fees directly from client accounts.

## Voting Client Securities

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### Proxy Votes

Unless the client designates otherwise, MCS votes proxies for securities over which it maintains discretionary authority consistent with its proxy voting policy. A copy of MCS proxy voting policy is available upon request. MCS engages the proxy voting firm Broadridge to evaluate proxy issues and make voting recommendations, which MCS follows.

## Financial Information

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### Financial Condition

MCS does not have any financial impairment that will preclude it from meeting contractual commitments to clients.

A balance sheet is not required to be provided because MCS does not serve as a custodian for client funds or securities and does not require prepayment of fees of more than \$1,200 per client, and six months or more in advance.

## Business Continuity Plan

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### General

MCS has a Business Continuity Plan in place that provides steps to mitigate and recover from the loss of office space, communications, services or key people. MCS engages Back Office Connection (BOC) to provide IT, portfolio accounting, client statement distribution and compliance administration. BOC offers this service to multiple advisers and as such can leverage a more robust disaster recovery capability than MCS could maintain on its own.

### Disasters

The Business Continuity Plan covers natural disasters such as snowstorms, hurricanes, tornados, and flooding. The Plan covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, line outage, Internet outage, railway accident and aircraft accident. Electronic files are backed up continuously and archived in offsite data centers.

### Alternate Offices

Alternate work locations are identified to support ongoing operations in the event a home office is unavailable. MCS employees securely access client information via an internet connection to a secure BOC site or Charles Schwab's institutional portal. It is our intention to contact all clients within five days of a disaster that dictates moving our internet access to an alternate location.



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### **Loss of Key Personnel**

In the event of Michael Stalker's serious disability or death, MCS' Chief Compliance Officer (in conjunction with MCS's regulatory legal counsel and FP Transitions or similar service) would identify another financial advisory firm to support the transition of MCS clients to a firm with the following criteria:

- Assets of \$250 million or more
- Demonstrated expertise / track record in both fixed income and equity management
- Management includes at least one but preferably more than one Chartered Financial Analyst, likewise for Certified Financial Planner® professionals.
- Account minimum of at least one million
- Clean regulatory compliance record
- Credit, legal and criminal background check of principals that includes discussion with current and (if possible) former employees. The purpose of which is to assess the cultural integrity of the firm.
- Approval of the financial condition of the successor firm
- Final approval by clients through group and / or one on one meetings with potential successor

## **Information Security Program**

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### **Information Security**

MCS maintains an information security program to reduce the risk that your personal and confidential information may be breached. We ask for written client permission before discussing client information with the client's other advisers.

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### **Privacy Notice**

MCS is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us.

The categories of nonpublic information that we collect from you may include information about your personal finances, information about your health to the extent that it is needed for the financial planning process, information about transactions between you and third parties, and information from consumer reporting agencies, e.g., credit reports. We use this information to help you meet your personal financial goals.

With your permission, we disclose limited information to attorneys, accountants, and mortgage lenders with whom you have established a relationship. You may opt out from our sharing information with these nonaffiliated third parties by notifying us at any time by telephone, mail, fax, email, or in person. With your permission, we share a limited amount of information about you with your brokerage firm in order to execute securities transactions on your behalf.

We maintain a secure office to ensure that your information is not placed at unreasonable risk. We employ a firewall barrier, secure data encryption techniques and authentication procedures in our computer environment.

We do not provide your personal information to mailing list vendors or solicitors. We require strict confidentiality in our agreements with unaffiliated third parties that require access to your personal information, including financial service companies, consultants, and auditors. Federal and state securities regulators may review our Company records and your personal records as permitted by law.

Personally identifiable information about you will be maintained while you are a client, and for the required period thereafter that records are required to be maintained by federal and state securities laws. After that time, information may be destroyed.

We will notify you in advance if our privacy policy is expected to change. We are required by law to deliver this *Privacy Notice* to you annually, in writing.

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**Education and Business Standards**

MCS requires that advisors in its employ have relevant work experience, education and / or credentials demonstrating knowledge of asset management, financial, estate and / or tax planning. Examples of acceptable credentials or education include, but are not limited to: Masters in Business Administration (MBA), Certified Financial Planner CFP®, Chartered Financial Analyst (CFA), Chartered Financial Consultant (ChFC), Juris Doctorate (JD), Chartered Life Underwriter (CLU) or Certified Public Accountant (CPA).

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**Professional Certifications**

Employees have earned certifications and credentials that are required to be explained in further detail.

Chartered Financial Analyst (CFA): Chartered Financial Analysts are licensed by the CFA Institute to use the CFA mark. CFA certification requirements:

- Hold a bachelor's degree from an accredited institution or have equivalent education or work experience.
- Successful completion of all three exam levels of the CFA Program.
- Have 48 months of acceptable professional work experience in the investment decision-making process.
- Fulfill society requirements, which vary by society. Unless you are upgrading from affiliate membership, all societies require two sponsor statements as part of each application; these are submitted online by your sponsors.
- Agree to adhere to and sign the Member's Agreement, a Professional Conduct Statement, and any additional documentation requested by CFA Institute.

CERTIFIED FINANCIAL PLANNER™ (CFP®): CERTIFIED FINANCIAL PLANNER professionals are licensed by the CFP™ Board to use the CFP™ mark. CFP® certification requirements:

- Bachelor's degree from an accredited college or university.
- Completion of the financial planning education requirements set by the CFP™ Board ([www.cfp.net](http://www.cfp.net)).
- Successful completion of the 10-hour CFP® Certification Exam.
- Three-year qualifying full-time work experience.
- Successfully pass the Candidate Fitness Standards and background check.
- Bi-annual completion of 30 hours of continuing education

National Association of Personal Financial Advisors (NAPFA®): NAPFA registered financial planners must meet the following standards to be considered for admission and to maintain their membership:

- Planners must accept fee-only compensation
- Planners may not own more than 2% of a financial services industry firm that receives transaction-based compensation
- Planners must agree to follow the NAPFA Fiduciary Oath
- Bachelor's degree from an accredited college or university
- A CFP™ or CPA/PFS credential
- Three-year qualifying full-time work experience
- Peer reviewed case submission or written financial plan submission
- Bi-Annual completion of 60 hours of continuing education

Family Firm Institute (FFI®): FFI's Global Education Network grants Certificates in Family Business Advising (CFBA) and Family Wealth Advising (CFWA). Requirements for the CFBA and CFWA certificates are:

- Satisfactory completion of the following course requirements:
  - Family Enterprise
  - Self in Systems
  - Family Enterprise Advising and Consulting
  - Families of Wealth
  - An Elective Course within the Global Education Network
- Attend two FFI annual conferences following completion of the coursework
- Participate in the Mentoring Program as partner to a family enterprise professional

Certified Divorce Financial Analyst (CDFA®): A CDFA professional is someone who comes from a financial planning, accounting or legal background and goes through an intensive training program to become skilled in analyzing and providing expertise related to the financial issues of divorce. The CDFA professional provides litigation support for the attorney and client, or acts as a member of a Collaborative Law team.

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## EMPLOYEES

<u>Name &amp; Date of Birth</u>	<u>Exams &amp; Professional Designations</u>	<u>Business Background</u>
Michael C. Stalker Born: 1955	Chartered Financial Analyst 1988 Charter 10818  Certificate in Financial Management for the Family Office Pepperdine University, 2013  Family Firm Institute, Inc. 2008 -Certificate in Family Business Advising -Certificate in Family Wealth Advising  CERTIFIED FINANCIAL PLANNER BOARD OF STANDARDS, INC. Exam passed 1998  Oregon Insurance Consultant Licenses Health & Life  Certificate in Cash Management University of Southern California, 1985  Arbitrator, NASD	President, Portfolio Manager MCS Family Wealth Advisors  1990-Present  Broker/Dealer Titan Value Equities 1989-1991  Broker/Dealer Newhard, Cook & Co. 1983-1989

### **Previously Held FINRA (formerly NASD) registrations**

NASD Series 16 (Supervisory Analyst), 1989  
NASD Series 24 (General Principal), 1990  
NASD Series 53 (Municipal Principal), 1990  
NASD Series 7 (Registered Representative), 1983

Disciplinary Information: None

Outside Compensation: None

### Supervision:

Michael, as 100% owner and president, retains Carr Butterfield LLC and Watkinson Laird Rubenstein et al. as counsel. Jeff Yamada, Chief Compliance Officer (CCO), is responsible for supervising all employees' (including the President's) adherence to firm policies. Back Office Connection provides third party compliance administration services.

Supervisor: Jeff Yamada, MCS CCO 800-525-8808

<u>Name &amp; Date of Birth</u>	<u>Exams &amp; Professional Designations</u>	<u>Business Background</u>
Jeffrey B. Yamada Born: 1964	NAPFA Registered Financial Advisor 2009  CERTIFIED FINANCIAL PLANNER™ Certification 2007  Certified Divorce Financial Analyst® Certification 2018  NASD Series 65 (Uniform Investment Advisor) 2005, Series 3 (Commodity Futures Exam) 2002  National Regulatory Services “Investment Advisory Compliance Specialist” Certificate, 2001  MBA, International Finance St. John’s University Jamaica, New York, 1993  BA, International Business/German California State University Fullerton, 1989	Wealth Counselor Chief Compliance Officer MCS Family Wealth Advisors 2004-Present  Director of Operations Post Advisory Group LLC 2003-2004  Chief Compliance Officer & Director of Operations Bradford & Marzec, Inc. 1998-2003, 1994-1995  Trader, Portfolio Systems UBS Private Banking 1989-1994  Intern, Union Bank of Switzerland (UBS) Zurich, Switzerland 1988  *Peace Corps Volunteer Suriname 1995-1998

Disciplinary Information: None

Other Business Activities: None

Outside Compensation: None

**Supervision:**

Jeff is supervised by Michael Stalker, President. He reviews Jeff’s work through frequent interactions. Michael also reviews Jeff’s activities through our client relationship management system and outsourced compliance administration services provided by Back Office Connection.

Supervisor: Michael Stalker, MCS President, 800-525-8808