

Magnolia Wealth Management

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This Brochure provides information about the qualifications and business practices of Magnolia Wealth Management LLC (“Magnolia Wealth Management”, “us”, “we”, “our”). If you have any questions about the contents of this Brochure, please contact us at (334) 699-4036 or via email at ed@magnoliawm.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about Magnolia Wealth Management is also available via the SEC’s website www.adviserinfo.sec.gov. You can search this site by using a unique identifying number, known as a CRD number. The CRD number for Magnolia Wealth Management is 297598. The SEC’s web site also provides information about any persons affiliated with Magnolia Wealth Management who are registered, or are required to be registered, as Investment Adviser Representatives of Magnolia Wealth Management.

Magnolia Wealth Management is a Registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information that you may use to determine whether to hire or retain them.

Item 2 Material Changes

Since our last ADV update on January 23, 2023, we have had no material changes.

In the future, this section of the Brochure will discuss only the specific material changes that were made to the Brochure and will provide you with a summary of all material changes that have occurred since the last filing of this Brochure. This section will also identify the date of our last annual Brochure update.

We will ensure that you receive a summary of any material changes to this and subsequent Brochures within 90 days of the close of our business' fiscal year end which is December 31. We will provide other ongoing disclosure information about material changes as they occur. We will also provide you with information on how to obtain the complete brochure. Currently, our Brochure may be requested at any time, without charge, by contacting us at (334) 699-4036 or on our website.

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Item 4 – Advisory Business Introduction

Our Advisory Business

Magnolia Wealth Management is a registered investment adviser in the states of Alabama, Georgia, and Florida. We are registered with the SEC. The Adviser was founded in 2018 by Edwin Cox. The Adviser's principal owner is Edwin Cox.

Services

Magnolia Wealth Management offers asset management and financial planning and/or consulting services, with an emphasis on business and retirement planning and services. Our focus is on helping you develop and execute plans that are designed to build and preserve your wealth. We are available during normal business hours either by telephone, email, or in person by appointment to answer your questions.

Asset Management

As part of the active asset management process we will meet with you to discuss your financial circumstances, investment goals and objectives, and to determine your risk tolerance. Based on the information you share with us, we will analyze your situation and tailor a portfolio with appropriate asset allocations and investment strategies. Our recommendations and ongoing management are based upon your investment goals, objectives and risk tolerance. We will monitor the account, trade as necessary, and communicate regularly with you.

We will work with you on an ongoing basis to evaluate your asset allocation as well as rebalance your portfolio to keep it in line with your goals as necessary. We will be reasonably available to help you with questions about your account.

* Please note that pursuant to the investment advisory agreement you are obligated to notify us promptly when your financial situation, goals, objectives, or needs change. *

If we determine that it is in your best interest, we provide asset management services through referrals to third party money manager programs. Under these programs, we will:

- meet with you to discuss your financial circumstances, investment goals and objectives, and to determine your risk tolerance
- Assist in the identification of investment objectives
- Assist in the selection of appropriate money managers and review performance and progress
- Recommend reallocation among managers or styles within the program
- Recommend the hiring and firing of money managers utilized by you.

As part of providing the above described services we will ask you to provide statements summarizing current investments, income and other earnings, recent tax returns, retirement plan information, other assets and liabilities, wills and trusts, insurance policies, and other pertinent information. You are obligated to notify us promptly when your financial situation, goals, objectives, or needs change.

Due to the nature of the services being provided, you shall not have the ability to impose restrictions on the management of your account.

If we determine that it is in your best interest, we may recommend the use of annuity products including, but not limited to, indexed and variable annuities. Annuities are insurance contracts that, depending on the contract, may offer a guaranteed annual interest rate and some participation growth, if any, of a stock market index. For a description of the risks associated with indexed annuities, please see Item 8 below.

We are available during normal business hours either by telephone, email or in person by appointment to answer your questions.

Third Party Money Managers

Third party money manager programs allow you to obtain portfolio management services that typically require higher minimum account sizes outside of the program. The money managers selected under these programs will have discretion to determine the securities they buy and sell within the account, subject to reasonable restrictions imposed by you. Due to the nature of these programs, each of the independent money managers is obligated to provide you with a separate ADV Part 2/disclosure document. You should carefully review this document for important and specific program details, including pricing.

You should read the ADV Part 2 disclosure document of the money manager you select for complete details on the charges and fees you will incur.

Financial Planning and Consulting

Fee based financial planning is a comprehensive relationship which incorporates many different aspects of your financial status into an overall plan that meets your goals and objectives. The financial planning relationship consists of face-to-face meetings and ad hoc meetings with you and/or your other advisors (attorneys, accountants, etc.) as necessary.

In performing financial planning services, we typically examine and analyze your overall financial situation, which may include issues such as insurance needs, overall debt, business planning, retirement savings and reviewing your current investment program. Our services may focus on all or only one of these areas depending upon the scope of our engagement with you.

It is essential that you provide the information and documentation we request regarding your income, investments, taxes, insurance, estate planning, etc. We will discuss your investment objectives, needs and goals, but you are obligated to inform us of any changes. We do not verify any information obtained from you, your attorney, accountant, or other professionals.

We obtain information from a wide variety of publicly available sources. We do not have any inside private information about any investments that are recommended. All recommendations developed by us are based upon our professional judgment. We cannot guarantee the results of any of our recommendations. Choosing which advice to follow is your decision.

We can also work with you in a consulting capacity. We will consult in areas such as financial counseling and 401(k) participant services.

If you decide to implement our recommendations, we will help you open a custodial account(s). The funds in your account will generally be held in a separate account, in your name, at an independent custodian, and not with us.

Wrap Fee

The Adviser does not sponsor or participate in a third-party sponsored wrap fee program.

Assets Under Management

As of our most recent calculation on December 31, 2023, we had \$145,225,463 in discretionary assets under management. We have no nondiscretionary assets under management.

Item 5 – Fees and Compensation

Portfolios Managed by Magnolia Wealth Management

For accounts managed by Magnolia Wealth Management, clients with \$250,000 in assets under management or less will generally be charged a 1.40% Fee. Clients who have between \$250,000.01 and \$500,000 in assets under management will generally be charged 1.3%. Clients who have between \$500,000.01 and \$1,000,000 in assets under management will generally be charged 1.25 %. Clients who have between \$1,000,000.01 and \$2,000,000 in assets under management will generally be charged 0.95%. Clients who have between \$2,000,000.01 and \$5,000,000 in assets under management will generally be charged 0.75%. Fees for clients with assets under management in excess of \$5,000,000 will be charged a negotiable fee.

Management of brokered CDs shall only be charged a negotiated management fee up to a maximum of 1.00%.

All of the fees described above are annual fees and may be negotiable based upon certain circumstances. Multiple accounts of family members, at the same mailing address, may be considered one consolidated account for billing purposes. No increase in the annual fee shall be effective without prior written notification to you.

Fees are charged monthly, in arrears. Advisory Fees are deducted from client accounts five to ten business days following the month end directly from client accounts, based on the market value of the account(s) under management on the last business day of the previous month. Our fees will be clearly defined in the contract you sign with us.

Financial Planning and Consulting Fees

We do not charge a fee for clients who are paying for portfolio management services. In those instances, the financial consulting services we may offer will be incidental to our portfolio management services and will be detailed in your Advisory Agreement. We will charge a fee of \$200.00 per hour for our financial planning and consulting services for clients who are not paying for portfolio management services, which may be negotiable based on certain circumstances.

We do not accept prepayment of more than \$500 in fees per client, six months or more in advance. The financial consulting services agreement will terminate once you receive the final plan.

The Consulting Services Agreement will show the fee you will pay.

All recommendations developed by us are based upon our professional judgment. We cannot guarantee the results of any of our recommendations.

Third Party Money Managers

Fees for clients using third party money managers will be billed by Magnolia Wealth Management and the third-party manager. The fee from Magnolia will be at the same rate as other portfolios managed by Magnolia Wealth Management, as shown above. The third-party money manager fee will be separate from, and in addition to, fees from Magnolia Wealth Management. Please refer to the third-party money manager(s)' ADV Part 2 and other disclosure documents for a full description of their fees.

Fees are charged monthly, in arrears. Advisory Fees are deducted from client accounts five to ten business days following the quarter end directly from client accounts, based on the market value of the account(s) under management on the last business day of the previous quarter. Third-party money manager fees will be clearly defined in the contract you sign with the third-party money manager and in the third-party money manager's ADV Part 2A Brochure. The third-party money managers we recommend will not directly charge you a higher fee than they would have charged without us introducing you to them. Under no circumstances will the combined fees charged by the Adviser and third-party money manager(s) exceed 2% of the client's(s') assets under management.

To determine the exact amount of the fees you will incur through your relationship with the third-party money manager, you should review the contract you sign with the third-party money manager and the third-party money manager's ADV Part 2A. All third-party money manager fees, and the separate written disclosures made to you regarding these fees, comply with applicable state statutes and rules. The separate written disclosures that the third-party money manager must provide include: a copy of the third-party money manager's Form ADV Part 2, all relevant Brochures, and a copy of the third-party money manager's privacy policy.

In addition to the Adviser's annual investment management fee, the Client shall also incur, relative to all mutual fund purchases which includes charges imposed at the mutual fund level (i.e. advisory fees and other fund expenses, if applicable), transaction and administrative fees. The Client acknowledges that trading costs will be assessed to the Client according to the agreements made with the Custodian(s) and other third parties as applicable.

No portion of the Adviser compensation shall be based on capital gains or capital appreciation of the Assets. Magnolia Wealth Management LLC does not charge performance based fees.

The Client can terminate the relationship without penalty within the first five (5) days after the signing of this agreement.

Third Party Fees

The fees charged by third party money managers may not include brokerage commissions, transaction fees, and other related costs and expenses. You may incur certain charges imposed by custodians, third party investment companies and other third parties. These include fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds, money market funds and exchange-traded funds (ETFs) also charge internal management fees, which are disclosed in the fund's prospectus. These fees may include, but are not limited to, a management fee, upfront sales charges, and other fund expenses. Certain strategies offered by us may involve investment in mutual funds and/or ETFs. Load and no load mutual funds may pay annual distribution charges, sometimes referred to as "12(b)(1) fees". These 12(b)(1) fees come from fund assets, and thus indirectly from clients' assets. We do not receive any compensation from these fees. All of these fees are in addition to the management fee you pay us. You should review all fees charged to fully understand the total amount of fees you will pay. Services similar to those offered by us may be available elsewhere for more or less than the amounts we charge. Our brokerage practices are discussed in more detail under Item 12 – Brokerage Practices.

Other Compensation

Our IARs may recommend and sell insurance products and will receive the usual and customary commissions in addition to any agreed upon advisory fee.

While our IARs endeavor at all times to put the interest of our clients first as part of our fiduciary duty, the possibility of receiving additional compensation creates a conflict of interest, and may affect the IAR's judgment when making recommendations. We require that all IARs disclose this conflict of interest when such recommendations are made. Also, we require IARs to disclose that Clients may purchase recommended securities from other registered representatives not affiliated with us.

Annuity Fees

For accounts utilizing annuity products, accounts will be charged a 1% annual advisory fee.

All of the fees described above are annual fees and may be negotiable based upon certain circumstances. Under no circumstances shall fee for annuities exceed 1.5%. Fees are charged monthly, quarterly, or annually as specified in your agreement with us. Multiple accounts of family members, at the same mailing address, may be considered one consolidated account for billing purposes. No increase in the annual fee shall be effective without prior written notification to you. Please see your contract for additional details.

Item 6 – Performance Based Fee and Side by Side Management

We do not charge any performance-based fees. These are fees based on a share of capital gains on or capital appreciation of the assets of a client.

Item 7 – Types of Client(s)

We provide investment advisory services to individuals and high net worth individuals.

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

Methods of Analysis

We use fundamental analysis and modern portfolio theory as part of our overall investment management discipline; the implementation of these analyses as part of our investment advisory services to you may include any, all or a combination of the following:

Modern Portfolio Theory (MPT)

We use Modern Portfolio Theory to determine which third-party manager(s) we recommend using to provide asset management services for your account.

Modern portfolio theory tries to understand the market as a whole, rather than looking for what makes each investment opportunity unique. Investments are described statistically, in terms of their expected long-term return rate and their expected short-term volatility. The volatility is equated with "risk," measuring how much worse than average an investment's bad years are likely to be. The end goal is to identify your acceptable level of risk tolerance, and then to find a portfolio with the maximum expected return for that level of risk.

Third Party Money Managers

We cannot guarantee methods utilized by third party money managers will yield a return. In fact, a loss of principal is always a risk. Investing in securities involves a risk of loss that you should be prepared to bear. You need to understand that investment decisions made for your account by us are subject to various market, currency, economic, political and business risks. The investment decisions we make for you will not always be profitable nor can we guarantee any level of performance.

You should read the ADV Part 2 disclosure document of the money manager(s) selected for complete details on the analysis methods, investment strategies and risk of loss.

Risk of Loss

We cannot guarantee our analysis methods will yield a return. In fact, a loss of principal is always a risk. Investing in securities involves a risk of loss that you should be prepared to bear. You need to understand that investment decisions made for your account by us are subject to various market, currency, economic, political and business risks. The investment decisions we make for you will not always be profitable nor can we guarantee any level of performance.

A list of all risks associated with the strategies, products and methodology we offer are listed below:

Modern Portfolio Theory (MPT) Risk

Modern Portfolio Theory tries to understand the market as a whole and measure market risk in an attempt to reduce the inherent risks of investing in the market. However, with every financial investment strategy there is a risk of a loss of principal. Not every investment decision will be profitable, and there can be no guarantee of any level of performance.

Exchange Traded Fund ("ETF") Risk

Most ETFs are passively managed investment companies whose shares are purchased and sold on a securities exchange. An ETF represents a portfolio of securities designed to track a particular market segment or index. ETFs are subject to the following risks that do not apply to conventional funds:

- The market price of the ETF's shares may trade at a premium or a discount to their net asset value;
- An active trading market for an ETF's shares may not develop or be maintained; and
- There is no assurance that the requirements of the exchange necessary to maintain the listing of an ETF will continue to be met or remain unchanged

Mutual Funds Risk

The following is a list of some general risks associated with investing in mutual funds.

- Country Risk - The possibility that political events (a war, national elections), financial problems (rising inflation, government default), or natural disasters (an earthquake, a poor harvest) will weaken a country's economy and cause investments in that country to decline.
- Currency Risk -The possibility that returns could be reduced for Americans investing in foreign securities because of a rise in the value of the U.S. dollar against foreign currencies. Also called exchange-rate risk.
- Income Risk - The possibility that a fixed-income fund's dividends will decline as a result of falling overall interest rates.
- Industry Risk - The possibility that a group of stocks in a single industry will decline in price due to developments in that industry.
- Inflation Risk - The possibility that increases in the cost of living will reduce or eliminate a fund's real inflation-adjusted returns.
- Manager Risk -The possibility that an actively managed mutual fund's investment adviser will fail to execute the fund's investment strategy effectively resulting in the failure of stated objectives.
- Market Risk -The possibility that stock fund or bond fund prices overall will decline over short or even extended periods. Stock and bond markets tend to move in cycles, with periods when prices rise and other periods when prices fall.
- Principal Risk -The possibility that an investment will go down in value, or "lose money," from the original or invested amount.

Stock Fund Risk

Overall "market risk" poses the greatest potential danger for investors in stocks funds. Stock prices can fluctuate for a broad range of reasons, such as the overall strength of the economy or demand for particular products or services.

Interest Rate Risk of Brokered CDs

Long-term brokered CDs are subject to greater Interest Rate Risk and CDs with shorter maturities. A long-term brokered CD can decrease substantially in price if an investor has to sell it on the secondary market after a period of rising interest rates. Also, if the brokered CD is callable, the issuer will likely want to call it and refinance if interest rates go down,

Indexed Annuity Risk

Indexed annuities are insurance contracts that, depending on the contract, may offer a guaranteed annual interest rate and some participation growth, if any, of a stock market index. Such contracts have substantial variation in terms, costs of guarantees and features and may cap participation or returns in significant ways. Any guarantees offered are backed by the financial strength of the insurance company. Surrender charges apply if not held to the end of the term. Withdrawals from non-qualified accounts are taxed as ordinary income and, if taken prior to 59 ½, a 10% federal tax penalty. Investors are cautioned to carefully review an annuities for its features, costs, risks, and how the variables are calculated.

Overall Risks

Clients need to remember that past performance is no guarantee of future results. All investments carry some level of risk. You may lose some or all of the money you invest, including your principal, because the securities held by a investment goes up and down in value. Dividend or interest payments may also fluctuate, or stop completely, as market conditions change.

Before you invest, be sure to read a fund's prospectus and shareholder reports to learn about its investment strategy and the potential risks. Funds with higher rates of return may take risks that are beyond your comfort level and are inconsistent with your financial goals.

While past performance does not necessarily predict future returns, it can tell you how volatile (or stable) a investment has been over a period of time. Generally, the more volatile a fund, the higher the investment risk. If you'll need your money to meet a financial goal in the near-term, you probably can't afford the risk of investing in a fund with a volatile history because you will not have enough time to ride out any declines in the stock market.

Item 9 – Disciplinary Information

Registered Investment Advisers are required to disclose all material facts regarding any legal or disciplinary events that would-be material to your evaluation of us or the integrity of our management. We do not have any information to disclose concerning Magnolia Wealth Management or any of our IARs. We adhere to high ethical standards for all IARs and associates.

Item 10 – Other Financial Industry Activities and Affiliations

Magnolia Wealth Management is not registered a registered broker-dealer nor does it have a pending application to register as broker-dealer. In addition, no Investment Adviser Representative of Magnolia Wealth Management is a registered representative of a broker-dealer.

Other Financial Industry Affiliations

The IARs of Magnolia Wealth Management have the following outside business activities and/or affiliations to disclose:

Edwin Cox, the Managing Member and Chief Compliance Officer for Magnolia Wealth Management, is a licensed insurance agent/broker with various companies. The sale of these products accounts for approximately 15% per month of his time.

Selection of Other Advisers

Magnolia Wealth Management will be compensated by the third-party manager(s) from the advisory fees collected from the client. Details of these fees are/will be described in Item 5 – Fees and Compensation. This causes a conflict of interest in recommending certain third-party managers since we may receive compensation for referring clients to these vendors. In order to mitigate this conflict of interest, we require all IARs to inform the client that they are under no obligation to implement any recommendations made by us or the third-party manager.

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

General Information

We have adopted a Code of Ethics for all supervised persons of the firm describing its high standards of business conduct, and fiduciary duty to you, our client. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts, the reporting of certain gifts and business entertainment items, and personal securities trading procedures. All of our supervised persons must acknowledge the terms of the Code of Ethics annually, or as amended.

Participation or Interest in Client Accounts

Our Compliance policies and procedures prohibit anyone associated with Magnolia Wealth Management from having an interest in a client account or participating in the profits of a client's account without the approval of the CCO.

The following acts are prohibited:

- Employing any device, scheme or artifice to defraud

- Making any untrue statement of a material fact
- Omitting to state a material fact necessary in order to make a statement, in light of the circumstances under which it is made, not misleading
- Engaging in any fraudulent or deceitful act, practice or course of business
- Engaging in any manipulative practices

Clients and prospective clients may request a copy of the firm's Code of Ethics by contacting the CCO.

Personal Trading

We may recommend securities to you that we will purchase for our own accounts. We may trade securities in our account that we have recommended to you as long as we place our orders after your orders. This policy is meant to prevent us from benefiting as a result of transactions placed on behalf of advisory accounts.

Certain affiliated accounts may trade in the same securities with your accounts on an aggregated basis when consistent with our obligation of best execution. When trades are aggregated, all parties will share the costs in proportion to their investment. We will retain records of the trade Order (specifying each participating account) and its allocation. Completed Orders will be allocated as specified in the initial trade order. Partially filled Orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

Magnolia Wealth Management has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of "Access Persons". The policy requires that an Access Person of the firm 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 the Adviser selects; provided, however that at any time that the Adviser has only one Access Person, he or she shall not be required to submit any securities report described above.

We have established the following restrictions in order to ensure our fiduciary responsibilities regarding insider trading are met:

- No securities for our personal portfolio(s) shall be bought or sold where this decision is substantially derived, in whole or in part, from the role of IARs of Magnolia Wealth Management, unless the information is also available to the investing public on reasonable inquiry. In no case, shall we put our own interests ahead of yours.

Privacy Statement

We are committed to safeguarding your confidential information and hold all personal information provided to us in the strictest confidence. These records include all personal information that we collect from you or receive from other firms in connection with any of the financial services they provide. We also require other firms with whom we deal with to restrict the use of your information. Our Privacy Policy is available upon request.

Conflicts of Interest

Magnolia Wealth Management's IARs may employ the same strategy for their personal investment accounts as it does for its clients. However, IARs may not place their orders in a way to benefit from the purchase or sale of a security.

We act in a fiduciary capacity. If a conflict of interest arises between us and you, we shall make every effort to resolve the conflict in your favor. Conflicts of interest may also arise in the allocation of investment opportunities among the accounts that we advise. We will seek to allocate investment opportunities according to what we believe is appropriate for each account. We strive to do what is equitable and in the best interests of all the accounts we advise.

Item 12 – Brokerage Practices

Factors Used to Select Custodians

In recommending a custodian/broker-dealer, we look for a company that offers relatively low transaction fees, access to desired securities, trading platforms, and support services. We may generally require clients use Charles Schwab as the qualified custodian for their accounts when utilizing our asset management services. In limited circumstances, we will allow clients to custody their accounts at Pershing.

Soft Dollars

Custodians, third-party money managers, and other entities with whom we do business may provide us with certain brokerage and research products and services that qualify as "brokerage or research services" under the rules. These research products and/or services will assist the IAR in its investment decision making process. Such research generally will be used to service all of the IAR's clients, but brokerage commissions paid by the client may be used to pay for research that is not used in managing the client's account. The account may pay to a broker-dealer a commission greater than another qualified broker-dealer might charge to affect the same transaction where the IAR determines in good faith that the commission is reasonable in relation to the value of the brokerage and research services received.

Because soft dollar benefits could be considered to provide a benefit to the adviser that might cause the client to pay more than the lowest available commission without receiving the most benefit, they are considered a conflict of interest in recommending or directing custodial and third-party managerial services. Magnolia Wealth Management mitigates these conflicts of interest through strong oversight of soft-dollar arrangements by the Chief Compliance Officer, in order to assure the soft dollar benefits serve the best interests of the client.

There may be other benefits from recommending custodians, third-party money managers, and other entities with whom we do business such as software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other

market data; (iv) facilitate payment of fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Other services may include, but are not limited to, performance reporting, financial planning, contact management systems, third party research, publications, access to educational conferences, roundtables and webinars, practice management resources, access to consultants and other third-party service providers who provide a wide array of business-related services and technology with whom Magnolia Wealth Management may contract directly. Magnolia Wealth Management may receive seminar expense reimbursements from product sponsors which may be based on the sales of products to their clients.

Soft dollar benefits may be proportionally allocated to any accounts that may generate different amounts of the soft dollar benefits.

For Clients using Schwab

Magnolia does not maintain custody of your assets that we manage, although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account (see Item 15 Custody, below). Your assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank. We recommend that our clients use Charles Schwab & Co., Inc. (Schwab), a FINRA-registered broker-dealer, member SIPC, as the qualified custodian. We are independently owned and operated and not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to. Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account, as described in the next paragraph.

How We Select Brokers/Custodians to Recommend

We seek to use a custodian who will hold your assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others, these:

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- capability to execute, clear and settle trades (buy and sell securities for your account)
- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- breadth of investment products made available (stocks, bonds, mutual funds, exchange traded funds (ETFs), etc.)
- availability of investment research and tools that assist us in making investment decisions
- quality of services
- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- reputation, financial strength and stability of the provider
- their prior service to us and our other clients

- availability of other products and services that benefit us, as discussed below (see “Products and Services Available to Us from Schwab”)

Your Custody and Brokerage Costs

For our clients’ accounts it maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. This commitment benefits you because the overall asset-based fees you pay are lower than they would be if we had not made the commitment. In addition to asset-based fees Schwab charges you a flat dollar amount as a “prime broker” or “trade away” fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account.

Products and Services Available to Us from Schwab

Schwab Advisor Services is Schwab’s business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients’ accounts while others help us manage and grow our business. Here is a more detailed description of Schwab’s support services:

- Services that Benefit You. Schwab’s institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab’s services described in this paragraph generally benefit you and your account.
- Services that May Not Directly Benefit You. Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients’ accounts. They include investment research, both Schwab’s own and that of third parties. We may use this research to service all or some substantial number of our clients’ accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:
 - provide access to client account data (such as duplicate trade confirmations and account statements);
 - facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
 - provide pricing and other market data;
 - facilitate payment of our fees from our clients’ accounts; and
 - assist with back-office functions, recordkeeping and client reporting.

- Services that Generally Benefit Only Us. Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:
 - educational conferences and events
 - technology, compliance, legal, and business consulting;
 - publications and conferences on practice management and business succession; and
 - access to employee benefits providers, human capital consultants and insurance providers.

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits such as occasional business entertainment of our personnel.

Best Execution

We have an obligation to seek best execution for you. In seeking best execution, the determinative factor is not the lowest possible commission cost but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, reputation and responsiveness. Therefore, we will seek competitive commission rates, but we may not obtain the lowest possible commission rates for account transactions.

Brokerage for Client Referrals

In selecting and/or recommending broker-dealers, we do not take into consideration whether or not we will receive client referrals from the broker-dealer or third party.

Directed Brokerage

We do not permit directed brokerage. We will require you to use the custodian of our choosing as the custodial firm.

Trading

Transactions for each client account generally will be effected independently, unless we decide to purchase or sell the same securities for several clients at approximately the same time. We may (but are not obligated to) combine or "batch" such Orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among our clients' differences in prices and commission or other transaction costs. Under this procedure, transactions will be price-averaged and allocated among our clients in proportion to the purchase and sale orders placed for each client account on any given day.

Transactions placed in an asset management account by a third-party manager will be executed through their broker-dealer or custodian. In determining best execution for these transactions, the third-party manager is looking at whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. While they look for competitive commission

rates, they may not obtain the lowest possible commission rates for account transactions. The aggregation and allocation practices of mutual funds and third-party managers that we recommend to you are disclosed in the respective mutual fund prospectuses and third-party manager disclosure documents which will be provided to you.

Item 13 – Review of Accounts

Reviews

Reviews are conducted at least annually or as agreed to by us. Reviews will be conducted by your investment adviser representative. You may request more frequent reviews and may set thresholds for triggering events that would cause a review to take place. Generally, we will monitor for changes and shifts in the economy, changes to the management and structure of an account in which client assets are invested, and market shifts and corrections.

Reports

We do not provide any additional statements to clients; the only statements clients will receive are those provided by the custodian(s).

Item 14 – Client Referrals and Other Compensation

We do not receive any economic benefit from someone who is not a client for providing investment advice or other advisory services to our clients nor do we directly or indirectly pay any compensation to another person if they refer clients to us.

Item 15 – Custody

For Accounts with Third Party Money Managers

We do not have physical custody of third-party accounts or assets. We use Schwab and Pershing as the custodian and/or broker-dealer for all your accounts. You should receive at least quarterly statements from the broker-dealer or custodian that holds and maintains your investment assets. We urge you to carefully review such statements.

For Accounts using Annuity Products

Annuities are insurance contracts that, depending on the contract, may offer a guaranteed annual interest rate and some participation growth, if any, of a stock market index. All assets in these accounts will be held with issuing insurance carrier, as specified in your advisory agreement and annuity contract.

For Accounts at Schwab

Under government regulations, we are deemed to have custody of your assets if you authorize us to instruct Schwab to deduct our advisory fees directly from your account. Schwab maintains actual custody of your assets. You will receive account statements directly from Schwab at least quarterly. They will be sent to the email or postal mailing address you provided to Schwab. You should carefully review those statements promptly when you receive them. We also urge you to review Schwab's account statements.

Standing Letter of Authorization

Magnolia is deemed to have custody of client funds or securities as a result of maintaining standing letters of authorization (SLOA) for the purpose of distributing funds from a client's account. For those accounts in which we have the ability to initiate distributions from a client's account, via journal, ACH or wire to a third-party, which is an account held in the name of someone other than the client, we will ensure the following conditions have been met in order for us to be in compliance with SEC and State Custody Rules and ensure the safe keeping of our client's funds:

1. The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third-party's name, and either the third-party's address or the third-party's account number at a custodian to which the transfer should be directed.
2. The client authorizes the investment adviser, in writing, either on the qualified custodian's form or separately, to direct transfers to the third-party either on a specified schedule or from time to time.
3. The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization, and provides a transfer of funds notice to the client promptly after each transfer.
4. The client has the ability to terminate or change the instruction to the client's qualified custodian.
5. The investment adviser has no authority or ability to designate or change the identity of the third-party, the address, or any other information about the third-party contained in the client's instruction.
6. The investment adviser maintains records showing that the third-party is not a related party of the investment adviser or located at the same address as the investment adviser.
7. The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

Item 16 – Investment Discretion

We usually receive discretionary authority from you at the beginning of an advisory relationship to select the identity and amount of securities to be bought or sold. This information is described in the Advisory Agreement you sign with us. In all cases, however, this discretion is exercised in a manner consistent with your stated investment objectives for your account.

When selecting securities and determining amounts, we observe the investment policies, limitations and restrictions you have set. For registered investment companies, our authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

We require that any investment guidelines and/or restrictions be provided to us in writing.

The third-party money manager and/or custodians may have discretion over your account. The Advisory Agreement and ADV Part 2 of the third-party money manager and the custodial new account documentation will detail this in full.

Item 17 – Voting Client Securities

As a matter of firm policy and practice, we do not have any authority to and do not vote proxies on behalf of advisory clients. You retain the responsibility for receiving and voting proxies for any and all securities maintained in your portfolios. We may provide advice to you regarding your voting of proxies. The custodian will forward you copies of all proxies and shareholder communications relating to your account assets.

Item 18 – Financial Information

We are required to provide you with certain financial information or disclosures about our financial condition. We have no financial commitment that would impair our ability to meet any contractual and fiduciary commitments to you, our client. We have not been the subject of any bankruptcy proceedings. In no event shall we charge advisory fees that are both in excess of five hundred dollars and more than six months in advance of advisory services rendered.