

ITEM 1 COVER PAGE



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**This brochure provides information about the qualifications and business practices of Maynerich Financial, Inc. If you have any questions about the contents of this brochure, please contact us at 217-965-5796. 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. Registration (e.g. “registered investment advisor”) does not imply a certain level of skill or training.**

**Additional information about Maynerich Financial, Inc. is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **ITEM 2 MATERIAL CHANGES**

Maynerich Financial, Inc. (the “Firm” or “MF”) will ensure that clients receive a summary of any material changes to this and subsequent brochures within 120 days after the Firm’s fiscal year end, December 31. This means that if there were any material changes over the past year, client will receive a summary of those changes no later than April 30. At that time, the Firm will also offer a copy of its most current disclosure brochure and may also provide other ongoing disclosure information about material changes as necessary. If there are no material changes over the past year, no notices will be sent.

Client and prospective clients can always receive the most current disclosure brochure for MF at any time by contacting their investment advisor representative.

This is a new brochure as of October 8, 2024.

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## **ITEM 4 ADVISORY BUSINESS**

### ***Firm Description***

The Firm is a registered investment advisor based in Illinois. The Firm was formed in December 2016

The Principal Owner of MF is Andrew Maynerich.

### ***Types of Advisory Services***

The Firm offers a large variety of services, including portfolio management, investment analysis, and financial planning for individuals and high net worth individuals. The Firm offers these services to clients or prospective client (“Client” or “Clients”)

Prior to providing any investment advisory services, the Firm requires a written financial services agreement (“FSA”) be executed by client. The FSA will outline the services available to the client and the fees the client will incur.

### ***Portfolio Management***

The Firm provides continuous advice and portfolio management based on the goals, time horizon, and risk tolerance of each Client. The Firm creates an investment plan for each Client, which outlines the Client’s current situation and then constructs a portfolio that matches each Client’s specific situation and goals. Services include financial planning, investment strategy, asset location and selection, risk tolerance, personalized investment policy, and regular portfolio monitoring.

The Firm evaluates the current investments of each Client with respect to their risk tolerance and time horizon. The Firm will request discretionary authority from Clients in order to select securities and execute transactions without permission from the Client prior to each transaction.

### ***Financial Planning***

Financial planning services will typically involve working with Clients to prepare and monitor a financial plan using financial planning spreadsheets and software. Financial planning may encompass one or more of the following areas: investment planning, retirement accumulation planning, retirement income planning, goals planning, social security planning, debt analysis, insurance analysis, tax planning, and business planning.

### ***Retirement Plan Consulting***

The Firm also provides retirement plan consulting services to employer plan sponsors. Consulting services generally consist of assisting employer plan sponsors in establishing, reviewing, or monitoring their company’s participant-directed retirement plan. Areas of consulting may include plan design, fund selection, designating appropriate Qualified Default

Investment Alternative (“QDIA”), investment policy statements, assisting with participant enrollment, education, and contribution advice. The Firm may also provide advisor-managed portfolios to be included in the plan. The specific services offered will be outlined in the Retirement Plan Consulting Agreement.

The Firm may accept appointments to provide services to retirement plans and acknowledges its fiduciary standard within the meaning of Section 3(38) of ERISA as designated by the Retirement Plan Consulting Agreement.

The Firm does not act as a custodian of Client assets. The Client always maintains asset control. The Firm places trades for Clients under a limited power of attorney through qualified custodian/broker.

### ***Services Tailored to Client’s Needs***

The Firm offers individualized advisory services to Clients as part of its portfolio management services. Client may request that MF refrain from investing in particular securities or certain types of securities. The Client must submit these instructions to MF in writing.

A review of the information provided by the Client regarding the Client’s current financial situation, goals, and risk tolerances will be performed and advice will be provided that is in line with available information.

### ***Wrap Fee Program versus Portfolio Management Program***

The Firm does not participate in a wrap fee program.

### ***Assets Under Management***

As of August 20, 2024, the Firm has the following assets under management:

Discretionary assets:	\$0
Non-discretionary assets:	\$0

## **ITEM 5 FEES AND COMPENSATION**

### **Fees and Other Charges**

#### ***Individually Managed Accounts***

The Firm bases its fees on a percentage of assets under management per annum.

Fees for individually managed accounts are flat, priced as follows:

Account Size	Fee (Annual Percentage) *
\$0 - \$250k	1.10%
\$250k - \$500k	1.00%
\$500k - \$1mil	0.95%
\$1mil and above	0.90%

\*Accounts may be aggregated at the household level to determine blended pricing.

All asset-based fees are deducted by the qualified custodian of record quarterly, in advance, based on the account balance as of the first day of the quarter, or as otherwise indicated in the FSA. Client statements for prior deductions will be provided on, at least, a quarterly basis.

All fees paid to the Firm for investment advisory services are separate and distinct from the expenses charged by third-party managers and investment companies to their shareholders. These fees and expenses are described to the client in separate disclosures. These fees will generally include third-party management fees, an investment company management fee, other fund expenses, and in some situations a possible distribution fee.

All fees are negotiable. The Firm, at its sole discretion, may charge a smaller management fee based upon certain (*e.g.*, historical relationship, types of assets, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, *etc.*)

The Firm will provide investment advisory services and portfolio management services but will not provide custodial or other administrative services. At no time will the Firm accept or maintain custody of a client's funds or securities except for authorized fee deduction. The Client may contact the Custodian directly for disbursements, or account record changes, and may also do so in writing to the custodian. The Firm may act at the client's convenience to facilitate such written communications to the Custodian, provided that such action is not construed to be custody of client assets.

Client is responsible for all custodial and securities execution fees charged by the custodian and executing broker-dealer. Fees paid to Advisor are separate and distinct from the custodian and execution fees.

Clients may request to terminate their advisory contract with MF in whole or in part, by providing advance written notice. Upon termination, any fees paid in advance will be prorated to the date of termination and any excess will be refunded to the Client through the Custodian. Client's FSA with the Firm is non-transferable without Client's written approval.

### ***Hourly Fees***

The Firm also offers investment advice at a negotiable hourly rate of \$250/hour.

### ***Defined Contribution Plan Asset Management Fees***

Group self-directed, adviser discretionary, or trustee directed 401(k), 403(b), and/or other multi participant Qualified Plans (when asset-based fees are elected by a plan sponsor in connection with open-architecture qualified plans) are billed quarterly in arrears based on the market value of total assets under MF's management at the end of the previous quarter. The highest fee Client could be charged is 0.90% of assets under management, while the lowest fee is 0.70% of assets under management.

Fee deductions are made from 401(k) and 403(b) by the Plan Administrator/Record Keeper on behalf of the Plan Sponsor according to the terms of the contract for services with MF and paid to MF by the Plan Administrator or Record Keeper.

### ***Fee Deduction Disclosure:***

Where MF deducts its management fee from Client accounts utilizing a qualified custodian, MF is required to meet the following requirements:

- (a) Possess written authorization from the Client to deduct advisory fees from an account held by a qualified custodian;
- (b) Send the qualified custodian written notice of the amount of the fee to be deducted from the Client's account; and
- (c) The Firm must have a reasonable basis, after due inquiry, for believing that the qualified custodian sends an account statement, at least quarterly, to each of the Firm's clients for which it maintains funds or securities, identifying the amount of funds and of each security in the account at the end of the period and setting forth all transactions in the account during that period.

### ***Right of Cancellation***

In addition to the right to terminate an agreement pursuant to its terms, a Client may cancel an agreement with the Firm within five (5) business days of first receiving a copy of this disclosure brochure and supplement without penalty or fee.

### ***Compensation for the Sale of Securities***

Neither MF nor any of its supervised persons receive compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

### ***Compensation for the Sale of Insurance Products***

Associated persons of MF maintain financial affiliated business as insurance agents. From time to time, such persons will offer Clients advice or products from this activity. These practices represent conflicts of interest because they give representatives of MF an incentive to recommend products based on the commission received. This conflict is mitigated by disclosures, procedures, and the firm's fiduciary obligation to place the best interest of the Clients first and clients are not required to purchase any products. Clients are under no obligation to act on MF's or its associated person's recommendation. If a Client elects to act on any of the recommendations, the Client is under no obligation to effect the transaction through MF or the associated person.

### **ITEM 6 PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

The Firm does not accept performance-based fees or participate in side-by-side management.

### **ITEM 7 TYPES OF CLIENTS**

The Firm provides investment advice to many different types of Clients. These Clients generally include individuals, trusts, estates, corporations, pension/retirement plans, and other types of business entities.

#### ***Minimum Account Size***

The Firm does not have a minimum account size requirement.

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

#### ***Methods of Analysis***

The Firm may use the following methods when considering investment strategies and recommendations.

##### **Charting Review**

Charting is a technical analysis that charts the patterns of stocks, bonds, and commodities to help determine buy and sell recommendations for Clients. It is a way of gathering and processing price and volume information in a security by applying mathematical equations and plotting the resulting data onto graphs in order to predict future price movements. A graphical historical record assists the analyst in spotting the effect of key events on a security's price, its performance over a period of time, and whether it is trading near its high, near its low or in between. Chartists believe that recurring patterns of trading, commonly referred to as indicators, can help them forecast future price movements.



## Fundamental Review

A fundamental analysis is a method of evaluating a company or security by attempting to measure its intrinsic value. Fundamental analysis attempts to determine the true value of a company or security by looking at all aspects of the company or security, including both tangible factors (e.g., machinery, buildings, land, etc.) and intangible factors (e.g., patents, trademarks, “brand” names, etc.). Fundamental analysis also involves examining related economic factors (e.g., overall economy and industry conditions, etc.), financial factors (e.g., company debt, interest rates, management salaries and bonuses, etc.), qualitative factors (e.g., management expertise, industry cycles, labor relations, etc.), and quantitative factors (e.g., debt-to-equity and price-to-equity ratios).

The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price with the aim of determining what sort of position to take with that security (e.g., if underpriced, the security should be bought; if overpriced the security should sold). Fundamental analysis uses real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for many types of securities.

## Technical Review

A technical analysis is a method of evaluating securities that analyzes statistics generated by market activity, such as past prices and volume. Technical analysis does not attempt to measure a security's intrinsic value, but instead uses past market data and statistical tools to identify patterns that can suggest future activity. Historical performance of securities and the markets can indicate future performance.

## Cyclical Review

A cyclical analysis assumes the market reacts in reoccurring patterns that can be identified and leveraged to provide performance. Cyclical analysis of economic cycles is used to determine how these reoccurring patterns, or cycles, affect the returns of a given investment, asset, or company. Cyclical analysis is a time-based assessment which incorporates past and present performance to determine future value. Cyclical analyses exist because the broad economy has been shown to move in cycles, from periods of peak performance to periods of low performance. The risks of this strategy are two-fold: (1) the markets do not always repeat cyclical patterns; and (2) if too many investors begin to implement this strategy, it changes the very cycles of which they are trying to take advantage.

## Economic Review

An economic analysis determines the economic environment over a certain time horizon. This involves following and updating historic economic data such as U.S. gross domestic product and consumer price index as well as monitoring key economic drivers such as employment, inflation, and money supply for the world’s major economies.

## ***Investment Strategies***

When implementing investment advice to Clients, the Firm may employ a variety of strategies to best pursue the objectives of Clients. Depending on market trends and conditions, the Firm will employ any technique or strategy herein described, at the Firm's discretion and in the best interests of the Client. The Firm does not recommend any particular security or type of security. Instead, the Firm makes recommendations to meet a particular Client's financial objectives. There is inherent risk to any investment and Clients may suffer a loss of ***all or part*** of a principal investment.

### **Long-Term Purchases**

Long-term purchases are securities that are purchased with the expectation that the value of those securities will grow over a relatively long period, generally greater than one year. Long-term purchases may be affected by unforeseen changes in the company in which a Client is invested or in the overall market. Long-term trading is designed to capture market rates of both return and risk. Frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes. Due to its nature, the long-term strategy can expose Clients to various other types of risk that will typically surface at various intervals during the time the Client owns the investments. These risks include, but are not limited to, inflation (purchasing power) risk, interest rate risk, economic risk, and political/regulatory risk.

### **Short-Term Purchases**

Short-term purchases are securities that are purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations. Short-term trading generally holds greater risk. Frequent trading can affect investment performance due to increased brokerage fees and other transaction costs and taxes.

### **Strategic Asset Allocation**

Asset allocation is a combination of several different types of investments; typically, this includes stocks, bonds, and cash equivalents among various asset classes to achieve diversification. The objective of asset allocation is to manage risk and market exposure while still positioning a portfolio to meet financial objectives.

## ***Risk of Loss***

Investing inherently involves risk up to and including loss of the principal sum. Further, past performance of any security is not necessarily indicative of future results. Therefore, future performance of any specific investment or investment strategy based on past performance should not be assumed as a guarantee. The Firm does not provide any representation or guarantee that the financial goals of Clients will be achieved.

The potential return or gain and potential risk or loss of an investment varies, generally, with the type of product invested in. Below is an overview of the types of products available on the market and the associated risks of each:

General Risks. Investing in securities always involves risk of loss that you should be prepared to bear. The Firm does not represent or guarantee that its services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate Clients from losses due to market corrections or declines. The Firm cannot offer any guarantees or promises that the Client's financial goals and objectives can or will be met. Past performance is in no way an indication of future performance. The Firm also cannot assure that third parties will satisfy their obligations in a timely manner or perform as expected or marketed.

General Market Risk. Investment returns will fluctuate based upon changes in the value of the portfolio securities. Certain securities held may be worth less than the price originally paid for them, or less than they were worth at an earlier time.

Common Stocks. Investments in common stocks, both directly and indirectly through investment in shares of ETFs (*i.e.*, exchange-traded funds), may fluctuate in value in response to many factors, including, but not limited to, the activities of the individual companies, general market and economic conditions, interest rates, and specific industry changes. Such price fluctuations subject certain strategies to potential losses. During temporary or extended bear markets, the value of common stocks will decline, which could also result in losses for each strategy.

Portfolio Turnover Risk. High rates of portfolio turnover could lower performance of an investment strategy due to increased costs and may result in the realization of capital gains. If an investment strategy realizes capital gains when it sells its portfolio investments, it will increase taxable distributions to you. High rates of portfolio turnover in a given year would likely result in short-term capital gains and under current tax law you would be taxed on short-term capital gains at ordinary income tax rates, if held in a taxable account.

Non-Diversified Strategy Risk. Some investment strategies may be non-diversified (e.g., investing a greater percentage of portfolio assets in a particular issuer and owning fewer securities than a diversified strategy). Accordingly, each such strategy is subject to the risk that a large loss in an individual issuer will cause a greater loss than it would if the strategy held a larger number of securities or smaller positions sizes.

Model Risk. Financial and economic data series are subject to regime shifts, meaning past information may lack value under future market conditions. Models are based upon assumptions that may prove invalid or incorrect under many market environments. The Firm may use certain model outputs to help identify market opportunities and/or to make certain asset allocation decisions.

There is no guarantee any model will work under all market conditions. For this reason, the Firm includes model-related results as part of the Firm's investment-decision process but MF often weighs professional judgment more heavily in making trades or asset allocations.

ETF Risks, including Net Asset Valuations and Tracking Error. An ETF's performance may not exactly match the performance of the index or market benchmark that the ETF is designed to track because 1) the ETF will incur expenses and transaction costs not incurred by any applicable index or market benchmark; 2) certain securities comprising the index or market benchmark tracked by the ETF may, from time to time, temporarily be unavailable; and 3) supply and demand in the market for either the ETF and/or for the securities held by the ETF may cause the ETF shares to trade at a premium or discount to the actual net asset value of the securities owned by the ETF. Certain ETF strategies may from time to time include the purchase of fixed income, commodities, foreign securities, American Depositary Receipts, or other securities for which expenses and commission rates could be higher than normally charged for exchange-traded equity securities, and for which market quotations or valuation may be limited or inaccurate.

Clients should be aware that to the extent they invest in ETF securities they will pay two levels of advisory compensation – advisory fees charged by the Firm plus any advisory fees charged by the issuer of the ETF. This scenario may cause a higher advisory cost (and potentially lower investment returns) than if a Client purchased the ETF directly. An ETF typically includes embedded expenses that may reduce the ETF's net asset value, and therefore directly affect the ETF's performance and indirectly affect a Client's portfolio performance or an index benchmark comparison. Expenses of the ETF may include investment advisor management fees, custodian fees, brokerage commissions, and legal and accounting fees. ETF expenses may change from time to time at the sole discretion of the ETF issuer. ETF tracking error and expenses may vary.

Inflation, Currency, and Interest Rate Risks. Security prices and portfolio returns will likely vary in response to changes in inflation and interest rates. Inflation causes the value of future dollars to be worth less and may reduce the purchasing power of an investor's future interest payments and principal. Inflation also generally leads to higher interest rates, which in turn may cause the value of many types of fixed income investments to decline. In addition, the relative value of the U.S. dollar-denominated assets primarily managed by the Firm may be affected by the risk that currency devaluations affect Client purchasing power.

Liquidity Risk. Liquidity is the ability to readily convert an investment into cash to prevent a loss, realize an anticipated profit, or otherwise transfer funds out of the particular investment. Generally, investments are more liquid if the investment has an established market of purchasers and sellers, such as a stock or bond listed on a national securities exchange. Conversely, investments that do not have an established market of purchasers and sellers may be considered illiquid. The Client's investment in illiquid investments may be for an indefinite time, because of the lack of purchasers willing to convert his or her investment to cash or other assets.

Legislative and Tax Risk. Performance may directly or indirectly be affected by government legislation or regulation, which may include, but is not limited to: changes in investment advisor or securities trading regulation; change in the U.S. government's guarantee of ultimate payment of principal and interest on certain government securities; and changes in the tax code that could affect interest income, income characterization and/or tax reporting obligations, particularly for options, swaps, master limited partnerships, Real Estate Investment Trust, Exchange Traded Products/Funds/Securities. The Firm does not engage in tax planning, and in certain

circumstances a Client may incur taxable income on their investments without a cash distribution to pay the tax due.

Foreign Investing and Emerging Markets Risk. Foreign investing involves risks not typically associated with U.S. investments, and the risks maybe exacerbated further in emerging market countries. These risks may include, among others, adverse fluctuations in foreign currency values, as well as adverse political, social, and economic developments affecting one or more foreign countries.

In addition, foreign investing may involve less publicly available information and more volatile or less liquid securities markets, particularly in markets that trade a small number of securities, have unstable governments, or involve limited industry. Investments in foreign countries could be affected by factors not present in the U.S., such as restrictions on receiving the investment proceeds from a foreign country, foreign tax laws or tax withholding requirements, unique trade clearance or settlement procedures, and potential difficulties in enforcing contractual obligations or other legal rules that jeopardize shareholder protection. Foreign accounting may be less transparent than U.S. accounting practices and foreign regulation may be inadequate or irregular.

Information Security Risk. The Firm may be susceptible to risks to the confidentiality and security of its operations and proprietary and customer information. Information risks, including theft or corruption of electronically stored data, denial of service attacks on MF's website or websites of MF's third-party service providers, and the unauthorized release of confidential information are a few of the more common risks faced by us and other investment advisors. Data security breaches of the Firm's electronic data infrastructure could have the effect of disrupting MF's operations and compromising MF's customers' confidential and personally identifiable information. Such breaches could result in an inability of us to conduct business, potential losses, including identity theft and theft of investment funds from customers, and other adverse consequences to customers.

Tax Risks. Tax laws and regulations applicable to an account with the Firm may be subject to change and unanticipated tax liabilities may be incurred by an investor as a result of such changes. In addition, customers may experience adverse tax consequences from the early assignment of options purchased for a customer's account. Customers should consult their own tax advisors and counsel to determine the potential tax-related consequences of investing.

Advisory Risk. There is no guarantee that the Firm's judgment or investment decisions on behalf of any particular account will necessarily produce the intended results. The Firm's judgment may prove to be incorrect, and an account might not achieve its investment objectives. In addition, it is possible that the Firm may experience computer equipment failure, loss of internet access, viruses, or other events that may impair access to accounts' custodians' software. The Firm and its representatives are not responsible to any account for losses unless caused by the Firm breaching its fiduciary duty.

Dependence on Key Employees. An accounts success depends, in part, upon the ability of MF's key professionals to achieve the targeted investment goals. The loss of any of these key

personnel could adversely impact the ability to achieve such investment goals and objectives of the account.

The Firm does not primarily recommend a particular type of security.

## **ITEM 9 DISCIPLINARY INFORMATION**

### ***Criminal or Civil Actions***

Neither MF nor its management persons have a criminal or civil action history that needs to be disclosed here

### ***Administrative Proceedings***

Neither MF nor its management persons have an administrative proceedings history that needs to be disclosed here.

### ***Self-regulatory Organization (SRO) Proceedings***

In 2023, Andrew Maynerich was found by FINRA to have violated certain FINRA rules which resulted in a two-month suspension from associating with any FINRA member and a \$5,000 fine.

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

### ***Registration as a Broker/Dealer or Broker/Dealer Representative***

The Firm is not registered and does not have an application pending to register, as a broker-dealer and its management persons are not registered as broker-dealer representatives.

### ***Registration as a Future Commission Merchant or Commodity Pool Operator***

The Firm and its management persons are not registered and do not have an application pending to register as a futures commodity merchant or commodity pool operator.

### ***Relationships Material to This Advisory Business and Possible Conflicts of Interest***

The Firm and its affiliates do not maintain any relationship material to this advisory business that might constitute a conflict of interest.

### ***Selection of Other Advisers***

The Firm does not recommend or select other investment advisors for its Clients.

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

### ***Fiduciary Status***

According to federal and state law, an investment advisor is considered a fiduciary. As a fiduciary, it is an investment advisor's responsibility to provide fair and full disclosure of all material facts. In addition, an investment advisor has a duty of utmost good faith to act solely in the best interest of each of its Clients. The Firm and its representatives have a fiduciary duty to all Clients. The fiduciary duty of the Firm and its representatives toward its Clients is considered the core underlying principal for the Firm's Code of Ethics and represents the expected basis for all dealings MF's representatives have with its Clients. The Firm has the responsibility to ensure that the interests of its Clients are placed ahead of its own investment interests, as well as the investment interests of its representatives. All representatives will conduct business in an honest, ethical, and fair manner. All representatives will comply with all federal and state securities laws at all times. Full disclosure of all material facts and potential conflicts of interest will be provided to Clients prior to services being conducted. All representatives have a responsibility to avoid circumstances that might negatively affect or appear to affect their duty of complete loyalty to MF's Clients.

### ***Recommendation Involving Material Financial Interest***

Neither the Firm nor its employees recommend to Clients securities in which they have a material financial interest.

### ***Personal Trading in the Same Securities as Clients***

The Firm and/or its employees may from time to time purchase or sell products or investments that they may recommend to Clients. The Firm has adopted a Code of Ethics that sets forth the basic policies of ethical conduct for all managers, officers, and employees of MF.

In addition, the Code of Ethics governs personal trading by each employee of MF deemed to be an Access Person and is intended to ensure that securities transaction effected by Access Persons of MF are conducted in a manner that avoids any actual or potential conflict of interest between such persons and Clients of MF or its affiliates.

The Firm collects and maintains records of securities holdings and securities transaction effect by Access Persons. These records are reviewed to identify and resolve potential conflicts of interest. The Firm's Code of Ethics is available upon request.

### ***Trading Securities at or Around the Same Time as Client's Securities***

The Firm's employees may from time to time buy or sell securities at the same time as they buy or sell securities for Clients. To mitigate conflicts of interest such as front running, employees

are required to disclose all reportable securities transactions as well as provide MF with copies of their brokerage statements.

The Chief Compliance Officer of MF will review all employee trades each quarter. The personal trading reviews ensure that the personal trading of employees does not affect the markets and that the Client of MF receive preferential treatment over employee transactions.

## **ITEM 12 BROKERAGE PRACTICES**

### ***Selection and Recommendation***

The Firm has a duty to select brokers, dealers, and other trading venues that provide best execution for Clients. The duty of best execution requires an investment advisor to seek to execute securities transactions for Clients in such a manner that the Client's total cost or proceeds in each transaction is the most favorable under the circumstances, taking into account all relevant factors. The lowest possible commission, while very important, is not the only consideration.

It is the policy of the Firm to seek best execution in all portfolio trading activities for all investment disciplines and products, regardless of whether commissions are charged. This applies to trading in any instrument, security, or contract including equities, bonds, and forward or derivative contracts.

The standards and procedures governing best execution are set forth in several written policies. Generally, to achieve best execution, the Firm considers the following factors, without limitation, in selecting brokers and intermediaries:

- Execution capability;
- Order size and market depth;
- Availability of competing markets and liquidity;
- Trading characteristics of the security;
- Availability of accurate information comparing markets;
- Quantity and quality of research received from the broker dealer;
- Financial responsibility of the broker-dealer;
- Confidentiality;
- Reputation and integrity;



- Responsiveness;
- Recordkeeping;
- Ability and willingness to commit capital;
- Available technology; and
- Ability to address current market conditions.

The Firm evaluates the execution, performance, and risk profile of the broker-dealers it uses at least quarterly.

### ***Research and Other Soft Dollar Benefits***

Soft dollar practices are arrangements whereby an investment advisor directs transactions to a broker-dealer in exchange for certain products and services that are allowable under federal and state law. Client commissions may be used to pay for brokerage and research services and products as long as they are eligible under Section 28(e) of the Exchange Act of 1934. Section 28(e) sets forth a “safe harbor,” which provides that an investment advisor that has discretion over a Client account is not in breach of its fiduciary duty when paying more than the lowest commission rate available if the advisor determines in good faith that the rate paid is commensurate with the value of brokerage and research services provided by the broker-dealer.

The Firm does not currently have any soft dollar benefit arrangements.

### ***Brokerage for Client Referrals***

The Firm does not receive Client referrals from third parties for recommending the use of specific broker-dealer brokerage services.

### ***Directed Brokerage***

The Firm does not provide directed brokerage services.

### ***Order Aggregation***

The Firm may, at times, aggregate sale and purchase orders of securities (“block trading”) for advisory accounts with similar orders in order to obtain the best pricing averages and minimize trading costs. This practice is reasonably likely to result in administrative convenience or an overall economic benefit to the Client. Clients also benefit relatively from better purchase or sale execution prices, or beneficial timing of transactions or a combination of these and other factors. Aggregate orders will be allocated to Client accounts in a systematic non-preferential manner. The Firm may aggregate or “bunch” transactions for a Client’s account with those of other Clients in an effort to obtain the best execution under the circumstances.

### ***Trade Error Policy***

The Firm maintains a record of any trading errors that occur in connection with investment activities of its Clients. Both gains and losses that result from a trading error made by the Firm will be borne or realized by the Firm.

## **ITEM 13 REVIEW OF ACCOUNTS**

### ***Periodic Reviews***

The Firm regularly reviews and evaluates Client accounts for compliance with each Client's investment objectives, policies, and restrictions. The Firm analyzes rates of return and allocation of assets to determine model strategy effectiveness. Such reviews are conducted by the Chief Compliance Officer of the Firm and shall occur at least once per calendar year.

### ***Intermittent Review Factors***

Intermittent reviews may be triggered by substantial market fluctuation, economic or political events, or changes in the Client's financial status (such as retirement, termination of employment, relocation, inheritance, etc.). Clients are advised to notify the Firm promptly if there are any material changes in their financial situation, investment objectives, or in the event they wish to place restrictions on their account.

### ***Reports***

Clients may receive confirmations of purchases and sales in their accounts and will receive, at least quarterly, statements containing account information such as account value, transactions, and other relevant information. Confirmations and statements are prepared and delivered by the custodian.

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

### ***Client Referrals***

The Firm will not receive any economic benefit from another person or entity for soliciting or referring clients.

### ***Other Compensation***

The Firm does not pay another person or entity for referring or soliciting clients for the Firm.

## **ITEM 15 CUSTODY**

### ***Custodian of Assets***

Custody means holding, directly or indirectly, Client funds or securities or having any authority to obtain possession of them.

The Firm does not have direct custody of any Client funds and/or securities. The Firm will not maintain physical possession of Client funds and securities. Instead, Client funds and securities are held by a qualified custodian.

While the Firm does not have physical custody of Client funds or securities, payments of fees may be paid by the custodian from the custodial brokerage account that holds Client funds pursuant to the Client's account application.

In certain jurisdictions, the ability of the Firm to withdraw its management fees from the Client's account may be deemed custody. Prior to permitting direct debit of fees, each Client provides written authorization permitting fees to be paid directly from the custodian.

As part of the billing process, the Client's custodian is advised of the amount of the fee to be deducted from that Client's account. On at least a quarterly basis, the custodian is required to send to the Client a statement showing all transactions within the account during the reporting period. The custodian does not calculate the amount of the fee to be deducted and does not verify the accuracy of the Firm's advisory calculation. Therefore, it is important for Clients to carefully review their custodial statements to verify the accuracy of the calculation. Clients should contact The Firm directly if they believe that there may be an error in their statement.

## **ITEM 16 INVESTMENT DISCRETION**

The Firm may exercise full discretionary authority to supervise and direct the investments of a Client's account. This authority will be granted by Clients upon completion of the Firm's FSA. This authority allows the Firm and its affiliates to implement investment decisions without prior consultation with the Client. Such investment decisions are made in the Client's best interest and in accordance with the Client's investment objectives. Other than agreed upon management fees due to the Firm, this discretionary authority does not grant the Firm the authority to have custody of any assets in the Client's account or to direct the delivery of any securities or the payment of any funds held in the account to the Firm. The discretionary authority granted by the Client to the Firm does not allow the Firm to direct the disposition of such securities or funds to anyone except the account holder.

## **ITEM 17 VOTING CLIENT SECURITIES**

The Firm does not perform proxy voting services on the Client's behalf. The Client will receive their proxies directly from the custodian of their account or from a transfer agent. Clients are

encouraged to read through the information provided with the proxy voting documents and to make a determination based on the information provided. Upon the Client's request, Firm representatives may provide limited clarifications of the issues presented in the proxy voting materials based on his or her understanding of issues presented in the proxy voting materials. However, Clients have the ultimate responsibility for making all proxy voting decisions.

For accounts subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"), the plan fiduciary specifically keeps the authority and responsibility for the voting of any proxies for securities held in plan accounts. Also, MF cannot give any advice or take action with respect to the voting of these proxies.

## **ITEM 18 FINANCIAL INFORMATION**

### ***Balance Sheet Requirement***

The Firm is not the qualified custodian for Client funds or securities and does not require prepayment of fees of more than \$1,200 per Client, six (6) months or more in advance.

### ***Financial Condition***

The Firm does not have any financial impairment that would preclude the Firm from meeting contractual commitments to Clients.

### ***Bankruptcy Petition***

The Firm has not been the subject of a bankruptcy petition at any time during the last 10 years.