

# MONTEREY PRIVATE WEALTH, INC.

## **ADV Part 2A, Firm Brochure**

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This brochure provides information about the qualifications and business practices of Monterey Private Wealth, Inc. If you have any questions about the contents of this brochure, please contact us at (831) 372-3426 or [smerrell@montereypw.com](mailto:smerrell@montereypw.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Monterey Private Wealth, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

References herein to Monterey Private Wealth, Inc. as a "registered investment adviser" or any reference to being "registered" does not imply a certain level of skill or training.

## **Item 2            Material Changes**

Since the firm's most recent Annual Amendment filing on March 22, 2023, this disclosure statement has been revised to enhance various disclosures regarding our advisory services, including cash sweep accounts and borrowing against assets.

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#### **Item 4            Advisory Business**

- A. Monterey Private Wealth, Inc. (“MPW”) is a corporation formed under the laws of the State of California on June 4, 2001. MPW underwent a merger in 2011 whereby Willow Ridge Capital Advisers, Inc. and Petersen & Ramistella merged in to one advisory practice. MPW is principally owned by Gary E.D. Alt, Cristofer Cabanillas, and Steven C. Merrell.
- B. As discussed below, MPW offers to its clients (individuals, high net worth individuals, pension and profit sharing plans, trusts, estates, charitable organizations, businesses, etc.) investment advisory services, financial planning and consulting services, and retirement plan consulting services.

##### **INVESTMENT ADVISORY SERVICES**

The client can engage MPW to provide discretionary and/or non-discretionary investment advisory services on a *fee* basis. MPW’s annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under MPW’s management. Before engaging MPW to provide investment advisory services, clients are required to enter into an *Investment Advisory Agreement* with MPW setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the fee that is due from the client.

MPW’s annual investment advisory fee shall include investment advisory services, and general financial advice. In the event that the client requires financial planning and/or consultation services (to be determined in the sole discretion of MPW), MPW may determine to charge for such additional services pursuant to a stand-alone *Financial Planning Agreement* (see below).

MPW provides investment advisory services specific to the needs of each client. Before providing investment advisory services, an investment adviser representative will ascertain each client’s investment objectives. Then, MPW will allocate and/or recommend that the client allocate investment assets consistent with the designated investment objectives. MPW generally allocates or recommends that clients allocate investment assets among: exchange-listed securities, mutual fund shares, corporate debt, exchange traded funds (“ETFs”), structured notes and US government securities on a discretionary and/or non-discretionary basis in accordance with the client’s designated investment objective(s). Once allocated, MPW provides ongoing monitoring and review of account performance, asset allocation and client investment objectives.

MPW believes that it is important for the client to address financial planning issues on an ongoing basis. MPW’s advisory fee, as set forth at Item 5 below, will remain the same regardless of whether or not the client determines to address financial planning issues with MPW. It remains the client’s responsibility to promptly notify the MPW if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising MPW’s previous recommendations and/or services.

##### **FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)**

MPW may also provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone separate fee basis as discussed at Item 5 below, the fee for which shall generally be based upon the individual providing the service and the scope of the services to be provided.

Before engaging MPW to provide stand-alone planning or consulting services, clients are required to enter into a *Financial Planning and Consulting Agreement* with MPW setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client before MPW commences services. If requested by the client, MPW may recommend the services of other professionals for implementation purposes. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from MPW. **Please Note:** If the client engages any professional (i.e. attorney, accountant, insurance agent, etc.), recommended or otherwise, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from the engaged professional. At all times, the engaged professional(s), and not MPW, shall be responsible for the quality and competency of the services provided. **Please Also Note:** It remains the client's responsibility to promptly notify MPW if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising MPW's previous recommendations and/or services.

### **RETIREMENT PLAN SERVICES**

MPW provides retirement plan consulting services, pursuant to which it assists sponsors of self-directed retirement plans with the selection and/or monitoring of investment alternatives (generally open-end mutual funds) from which plan participants shall choose in self-directing the investments for their individual plan retirement accounts. If requested by the plan sponsor, MPW may also include discretionary trading models within the selection of investment alternatives of a retirement plan lineup. In addition, to the extent requested by the plan sponsor, MPW shall also provide participant education designed to assist participants in identifying the appropriate investment strategy for their retirement plan accounts. The terms and conditions of the engagement shall generally be set forth in a *Retirement Plan Consulting Agreement* between MPW and the plan sponsor.

MPW may also provide discretionary and/or non-discretionary investment management to pooled retirement plans, in accordance with the plan's designated investment objectives. In such engagements, MPW will serve as an investment fiduciary as that term is defined under The Employee Retirement Income Security Act of 1974 ("ERISA"). Before engaging MPW to provide investment advisory services, clients are required to enter into an *Investment Advisory Agreement* with MPW setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the fee that is due from the client.

### **MISCELLANEOUS**

**Client Obligations.** In performing its services, MPW shall not be required to verify any information received from the client or from the client's other designated professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains their responsibility to promptly notify MPW if there is ever any change in their financial situation or investment objectives for the purpose of reviewing/evaluating/revising MPW's previous recommendations and/or services.

**Non-Discretionary Service Limitations.** Clients that determine to engage MPW on a non-discretionary investment advisory basis **must be willing to accept** that MPW cannot effect any account transactions without obtaining prior consent to such transaction(s) from the

client. Thus, in the event that MPW would like to make a transaction for a client's account (including in the event of an individual holding or general market correction), and the client is unavailable, MPW will be unable to effect the account transaction(s) (as it would for its discretionary clients) without first obtaining the client's consent.

**Use of Mutual Funds and Exchange Traded Funds** : While MPW may recommend allocating investment assets to mutual funds and exchange traded funds ("ETFs") that are not available directly to the public, MPW may also recommend that clients allocate investment assets to publicly-available mutual funds and ETFs that the client could obtain without engaging MPW as an investment adviser. However, if a client or prospective client determines to allocate investment assets to publicly-available mutual funds or ETFs without engaging MPW as an investment adviser, the client or prospective client would not receive the benefit of MPW's initial and ongoing investment advisory services. In addition to MPW's investment advisory fee described below, and transaction and/or custodial fees discussed above, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).

Other mutual funds, such as those issued by Dimensional Fund Advisors ("DFA"), are generally only available through registered investment advisers. MPW may allocate client investment assets to DFA mutual funds. Therefore, upon the termination of MPW's services to a client, restrictions regarding transferability and/or additional purchases of, or reallocation among DFA funds will apply. **MPW's Chief Compliance Officer, Steven Merrell, remains available to address any questions that a client or prospective client may have regarding the above.**

**Custodian Charges-Additional Fees.** As discussed below at Item 12 below, when requested to recommend a broker-dealer/custodian for client accounts, MPW generally recommends that Charles Schwab and Co., Inc. ("*Schwab*") serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as *Schwab* may charge brokerage commissions, transaction, and/or other type fees for effecting certain types of securities transactions (i.e., including transaction fees for certain mutual funds, and mark-ups and mark-downs charged for fixed income transactions, etc.). The types of securities for which transaction fees, commissions, and/or other type fees (as well as the amount of those fees) may differ depending upon the broker-dealer/custodian (while certain custodians, including *Schwab*, do not currently charge fees on individual equity transactions (including ETFs), others do). **Please Note:** there can be no assurance that *Schwab* will not change its transaction fee pricing in the future. **Please Also Note:** *Schwab* may also assess fees to clients who elect to receive trade confirmations and account statements by regular mail rather than electronically. When beneficial to the client, individual fixed-income and/or equity transactions may be effected through broker-dealers with whom MPW and/or the client have entered into arrangements for prime brokerage clearing services, including effecting certain client transactions through other SEC registered and FINRA member broker-dealers (in which event, the client generally will incur both the transaction fee charged by the executing broker-dealer and a "trade-away" fee charged by *Schwab*). These fees/charges are in addition to MPW's investment advisory fee at Item 5 below. **MPW does not receive any portion of these fees/charges.**

**Independent Managers.** MPW may allocate a portion of a client's investment assets among unaffiliated independent investment managers ("Independent Manager(s)") in accordance with the client's designated investment objective(s). In such situations, the

Independent Manager(s) will have day-to-day responsibility for the active discretionary management of the allocated assets. MPW will continue to render investment supervisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. The factors MPW considers in recommending Independent Manager(s) include the client's designated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research. The investment management fee charged by the Independent Manager(s) is set forth in a separate agreement between the client and Independent Manager(s) and is separate from, and in addition to, MPW's advisory fee.

**Account Aggregation Platform(s).** MPW may provide its clients with access to certain online account aggregation platform(s). The platform(s) allows a client to view their complete asset allocation, including those assets that MPW does not manage (the "Excluded Assets"). MPW does not provide investment management, monitoring, or implementation services for the Excluded Assets. Therefore, MPW shall not be responsible for the investment performance of the Excluded Assets. Rather, the client and/or their advisor(s) that maintain management authority for the Excluded Assets, and not MPW, shall be exclusively responsible for such investment performance. The client may choose to engage MPW to manage some or all of the Excluded Assets pursuant to the terms and conditions of an Investment Advisory Agreement between MPW and the client. The platform(s) may also provide access to other types of information, including financial planning concepts, which should not, in any manner whatsoever, be construed as services, advice, or recommendations provided by MPW. Finally, MPW shall not be held responsible for any adverse results a client may experience if the client engages in financial planning or other functions available on the platform(s) without MPW's assistance or oversight.

**Cash Positions.** MPW treats cash as an asset class. As such, unless determined to the contrary by MPW, all cash positions (money markets, etc.) shall continue to be included as part of assets under management for purposes of calculating MPW's advisory fee. At any specific point in time, depending upon perceived or anticipated market conditions/events (there being **no guarantee** that such anticipated market conditions/events will occur), MPW may maintain cash positions for defensive purposes. In addition, while assets are maintained in cash, such amounts could miss market advances. Depending upon current yields, at any point in time, MPW's advisory fee could exceed the interest paid by the client's money market fund.

**Cash Sweep Accounts.** Certain account custodians can require that cash proceeds from account transactions or new deposits, be swept to and/or initially maintained in a specific custodian designated sweep account. The yield on the sweep account will generally be lower than those available for other money market accounts. When this occurs, to help mitigate the corresponding yield dispersion, MPW shall (usually within 30 days thereafter) generally (with exceptions) purchase a higher yielding money market fund (or other type security) available on the custodian's platform, unless MPW reasonably anticipates that it will utilize the cash proceeds during the subsequent 30-day period to purchase additional investments for the client's account. Exceptions and/or modifications can and will occur with respect to all or a portion of the cash balances for various reasons, including, but not limited to the amount of dispersion between the sweep account and a money market fund, the size of the cash balance, an indication from the client of an imminent need for such cash, or the client has a demonstrated history of writing checks from the account. Please Note: The above does not apply to the cash component maintained within a MP actively

managed investment strategy (the cash balances for which shall generally remain in the custodian designated cash sweep account), an indication from the client of a need for access to such cash, assets allocated to an unaffiliated investment manager, and cash balances maintained for fee billing purposes. Please Also Note: The client shall remain exclusively responsible for yield dispersion/cash balance decisions and corresponding transactions for cash balances maintained in any MP unmanaged accounts

**Cybersecurity Risk.** The information technology systems and networks that MPW and its third-party service providers use to provide services to MPW's clients employ various controls, which are designed to prevent cybersecurity incidents stemming from intentional or unintentional actions that could cause significant interruptions in MPW's operations and result in the unauthorized acquisition or use of clients' confidential or non-public personal information. Clients and MPW are nonetheless subject to the risk of cybersecurity incidents that could ultimately cause them to incur losses, including for example: financial losses, cost and reputational damage to respond to regulatory obligations, other costs associated with corrective measures, and loss from damage or interruption to systems. Although MPW has established its processes to reduce the risk of cybersecurity incidents. There is no guarantee that these efforts will always be successful, especially considering that MPW does not directly control the cybersecurity measures and policies employed by third-party service providers. Clients could incur similar adverse consequences resulting from cybersecurity incidents that more directly affect issuers of securities in which those clients invest, broker-dealers, qualified custodians, governmental and other regulatory authorities, exchange and other financial market operators, or other financial institutions.

**Retirement Rollovers – No Obligation / Conflict of Interest:** A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If MPW recommends that a client roll over their retirement plan assets into an account to be managed by MPW, such a recommendation creates a conflict of interest if MPW will earn a new (or increase its current) advisory fee as a result of the rollover. If MPW provides a recommendation as to whether a client should engage in a rollover or not (whether it is from an employer's plan or an existing IRA), MPW is acting as a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. **No client is under any obligation to roll over retirement plan assets to an account managed by MPW, whether it is from an employer's plan or an existing IRA. MPW's Chief Compliance Officer, Steven Merrell, remains available to address any questions that a client or prospective client may have regarding the potential for conflict of interest presented by such rollover recommendation.**

**Private/Alternative Investment Funds.** MPW may provide investment advice regarding unaffiliated private investment funds. MPW, on a non-discretionary basis, may also recommend that certain qualified clients consider an investment in unaffiliated private investment funds, the description of which (the terms, conditions, risks, conflicts and fees, including incentive compensation) is set forth in the fund's offering documents. MPW's role relative to the private investment funds shall be limited to its initial and ongoing due diligence and investment monitoring services. If a client determines to become an

unaffiliated private fund investor, the amount of assets invested in the fund(s) shall be included as part of “assets under management” for purposes of MPW calculating its investment advisory fee. MPW’s fee shall be in addition to the fund’s fees. MPW’s clients are under absolutely no obligation to consider or make an investment in a private investment fund(s). Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund’s offering documents, which will be provided to each client for review and consideration. Unlike liquid investments that a client may own, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment. The value(s) for all private investment funds owned by the client reflect either the initial purchase price and/or the most recent valuation provided by the fund sponsor. If the valuation reflects initial purchase price (and/or a value as of a previous date), please understand that the current value(s) (to the extent ascertainable) could be **significantly more or less** than original purchase price.

**Socially Responsible Investing Limitations.** *Socially Responsible Investing* involves the incorporation of **Environmental, Social and Governance** considerations into the investment due diligence process (“ESG”). There are potential limitations associated with allocating a portion of an investment portfolio in ESG securities (i.e., securities that have a mandate to avoid, when possible, investments in such products as alcohol, tobacco, firearms, oil drilling, gambling, etc.). The number of these securities may be limited when compared to those that do not maintain such a mandate. ESG securities could underperform broad market indices. Investors must accept these limitations, including potential for underperformance. Correspondingly, the number of ESG mutual funds and exchange traded funds are few when compared to those that do not maintain such a mandate. As with any type of investment (including any investment and/or investment strategies recommended and/or undertaken by MPW), there can be no assurance that investment in ESG securities or funds will be profitable, or prove successful. . If implemented, MP shall rely upon the assessments undertaken by the unaffiliated mutual fund, exchange traded fund or separate account portfolio manager to determine that the fund’s or portfolio’s underlying company securities meet a socially responsible mandate.

**Variable Annuity Sub-account Management.** In the event that the client owns a variable annuity product, the client can engage MPW to provide investment management services relative to the investment subdivisions that comprise the variable annuity product. MPW’s investment selection shall be limited to those provided by the variable annuity sponsor. If so engaged, the MPW shall charge an ongoing advisory fee based upon the market value of the assets per its fee schedule at Item 5 below. Please Note: Neither MPW, nor any of its employees, offers to sell variable annuity products to its clients. Neither MPW, nor any of its employees, are registered as, or associated with, a broker-dealer or an insurance agency. In the event that the client owns a variable annuity product and/or seeks to purchase a variable annuity product, MPW shall refer the client to an unaffiliated broker-dealer/insurance agency to advise on same, and if agreed upon by the client, engage the unaffiliated broker-dealer/insurance agency to exchange a current, or purchase a new, variable annuity product. Neither MPW, nor any of its employees, shall receive any portion of the fees earned by the unaffiliated broker-dealer/insurance agency. MPW’s only compensation shall be limited to the management of the investment subdivisions that comprise the variable annuity product, should the client engage the MPW to do so. The



client is under no obligation to engage MPW to provide such management services, nor is the client under any obligation to consider addressing variable annuity issues with the unaffiliated broker-dealer/insurance agency that may be recommended by the MPW.: Because MPW could earn an advisory fee on the variable annuity assets, a potential conflict of interest arises in the event that the MPW recommends that the client should address variable annuity issues with the unaffiliated broker-dealer/insurance agency. Please Further Note: Variable annuities are long-term investment products. Variable annuity product sponsors generally impose financial penalties for early withdrawals as set forth in the variable annuity documents. Thus, the client must consider such potential penalties prior to agreeing to exchange or purchase a variable annuity product.

**Fee Dispersion.** MPW, in its discretion, may charge a lesser or higher investment advisory fee, charge a flat fee, waive applicable minimum asset or minimum fee levels, waive its fee entirely, or charge a fee on a different interval, based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, complexity of the engagement, anticipated services to be rendered, grandfathered fee schedules, employees and family members, courtesy accounts, competition, negotiations with client, etc.). Please Note: As result of the above, similarly situated clients could pay different fees. In addition, similar advisory services may be available from other investment advisers for similar or lower fees

**Borrowing Against Assets/Risks.** A client who has a need to borrow money could determine to do so by using:

- Margin – -The account custodian or broker-dealer lends money to the client. The custodian charges the client interest for the right to borrow money, and uses the assets in the client's brokerage account as collateral; and,
- Pledged Assets Loan — In consideration for a lender (i.e., a bank, etc.) to make a loan to the client, the client pledges investment assets held at the account custodian as collateral.

These above-described collateralized loans are generally utilized because they typically provide more favorable interest rates than standard commercial loans. These types of collateralized loans can assist with a pending home purchase, permit the retirement of more expensive debt, or enable borrowing in lieu of liquidating existing account positions and incurring capital gains taxes. However, such loans are not without potential material risk to the client's investment assets. The lender (i.e., custodian, bank, etc.) will have recourse against the client's investment assets in the event of loan default or if the assets fall below a certain level. For this reason, MPW does not recommend such borrowing unless it is for specific short-term purposes (i.e., a bridge loan to purchase a new residence). MPW does not recommend such borrowing for investment purposes (i.e., to invest borrowed funds in the market). Regardless, if the client was to determine to utilize margin or a pledged assets loan, the following economic benefits would inure to MPW:

- by taking the loan rather than liquidating assets in the client's account, MPW continues to earn a fee on such Account assets; and,
- if the client invests any portion of the loan proceeds in an account to be managed by MPW, MPW will receive an advisory fee on the invested amount; and,
- if MPW's advisory fee is based upon the higher margined account value, MPW will earn a correspondingly higher advisory fee. This could provide MPW with a disincentive to encourage the client to discontinue the use of margin.

Please Note: The Client must accept the above risks and potential corresponding consequences associated with the use of margin or a pledged assets loan.

**Portfolio Activity.** MPW has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, MPW will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including, but not limited to, investment performance, market conditions, mutual fund manager tenure, style drift, and/or a change in the client's investment objective. Based upon these factors, there may be extended periods of time when MPW determines that changes to a client's portfolio are neither necessary nor prudent. Clients nonetheless remain subject to the fees described in Item 5 below during periods of account inactivity. Of course, as indicated below, there can be no assurance that investment decisions made by MPW will be profitable or equal any specific performance level(s).

**Disclosure Statement.** A copy of MPW's written Brochure as set forth on Part 2A of Form ADV, along with MPW's Relationship Summary (Form CRS), shall be provided to each client before, or contemporaneously with, the execution of the *Investment Advisory Agreement*.

- C. MPW shall provide investment advisory services specific to the needs of each client. Before providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, MPW shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at any time, impose reasonable restrictions, in writing, on MPW's services.
- D. MPW does not participate in a wrap fee program.
- E. As of March 21, 2024, MPW had \$1,005,871,830 in assets under management, of which MPW managed \$943,389,571 on a discretionary basis and \$62,482,259 on a non-discretionary basis.

## **Item 5            Fees and Compensation**

### **A. INVESTMENT ADVISORY SERVICES**

The client can engage MPW to provide discretionary and/or non-discretionary investment advisory services on a *fee* basis. MPW's negotiable annual investment advisory fee shall generally be based upon a percentage (%) of the market value of the assets placed under MPW's management, between negotiable and 1.125% as follows:

<u>Market Value of Portfolio</u>	<u>Annual Fee %</u>
First \$1,000,000	1.125%
Next \$1,000,000	1.000%
Next \$3,000,000	0.750%
Next \$5,000,000	0.500%
The balance over \$10,000,000	Negotiable

As an illustrative example, a client subject to the above fee schedule placing \$1,500,000 under MPW's management would be subject to an annual fee of 1.125% on the first \$1,000,000 and an annual fee of 1.000% on the remaining \$500,000.

**Please Note:** MPW, in its sole discretion, may charge a lesser investment advisory fee, charge a flat fee, waive its fee entirely, or other enter into some other fee arrangement with clients based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, prior fee schedules, competition, negotiations with client, etc.). As result of the above, similarly situated clients could pay different fees. In addition, similar advisory services may be available from other investment advisers for similar or lower fees.

MWP adjusts its advisory fee based upon any deposits or withdrawals made during the billing period (adjusted on a daily basis) with advisory fees reconciled in the following quarterly billing cycle.

#### **FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)**

To the extent specifically requested by a client, MPW *may* determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone fee basis. MPW's planning and consulting fees are negotiable, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s). MPW requires a retainer prior to beginning the planning process and requires the balance due upon delivery of the plan to the client.

#### **RETIREMENT PLAN SERVICES**

MPW's retirement plan services fees are negotiable and such fees can be charged on an asset-based, hourly, or fixed fee basis, or any combination thereof, in accordance with the terms of the client's *Retirement Plan Services Agreement*. Fees for MPW's retirement plan services shall vary depending upon various objective and subjective factors, including but not limited to: the amount of plan assets; the scope and complexity of the engagement; the anticipated number of meetings and servicing needs; anticipated future additional assets; the professional(s) rendering the service(s); and negotiations with the client. As a result of these factors, similarly situated plans could pay different fees, and the services to be provided by MPW to any particular plan could be available from other advisers at lower fees.

- B. Clients may elect to have MPW's advisory fees deducted from their custodial account. Both MPW's *Investment Advisory Agreement* and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of MPW's investment advisory fee and to directly remit that management fee to MPW in compliance with regulatory procedures. In the limited event that MPW bills the client directly, payment is due upon receipt of MPW's invoice. For Investment Advisory Clients, MPW shall deduct fees and/or bill clients quarterly in advance, based upon the market value of the assets on the last business day of the previous quarter, with prorated adjustments for account deposits and withdrawals made during the following billing cycle. For most 401(k) and profit-sharing account, MPW shall deduct fees and/or bill clients quarterly in arrears, based upon the market value of the assets on the last business day of the previous quarter.

As discussed below, unless the client directs otherwise or an individual client's circumstances require, MPW shall generally recommends that Charles Schwab & Co., Inc.

("Schwab") serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as *Schwab* charge brokerage commissions and/or transaction fees for effecting certain securities transactions in accordance with its brokerage commission and transaction fee schedule. The types of securities for which transaction fees, commissions, and/or other type fees (as well as the amount of those fees) shall differ depending upon the broker-dealer/custodian. While certain custodians, including *Schwab*, generally (with the potential exception for large orders) do not currently charge fees on individual equity transactions (including ETFs), others do. In addition to MPW's investment management fee and any applicable brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses). There can be no assurance that *Schwab* will not change their transaction fee pricing in the future. *Schwab* may also assess fees to clients who elect to receive trade confirmations and account statements by regular mail rather than electronically.

When in the reasonable determination of MPW that it would be beneficial for the client, individual equity and/or fixed income transactions may be executed through broker-dealers other than the account custodian. In that event, the client will generally incur both the fee (commission, mark-up/mark-down) charged by the executing broker-dealer and a separate "tradeaway" and/or prime broker fee charged by the account custodian.

- C. MPW's annual investment advisory fee shall be prorated and paid quarterly in advance or arrears, as dictated by the terms of the client's agreement with MPW, based upon the market value of the assets on the last business day of the previous quarter.

The *Investment Advisory Agreement* between MPW and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Advisory Agreement*. For fees collected in advance, upon termination, MPW shall refund the client for the pro-rated portion of any advanced advisory fee based upon the number of days that services were provided during the billing quarter. For fees collected in arrears, upon termination, MPW shall debit the client account for a pro-rated amount of any fees earned but not yet paid.

- D. Neither MPW, nor its representatives accept compensation from the sale of securities or other investment products

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

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

## **Item 7            Types of Clients**

MPW's clients shall generally include individuals, high net worth individuals, pension and profit sharing plans, trusts, estates, charitable organizations, businesses, etc. MPW generally requires a minimum aggregate account value of \$1,000,000. MPW, in its sole discretion, may reduce its minimum aggregate account value requirement based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, familial relationship, dollar amount of assets to be managed, related accounts, account composition, etc.). **Please Note:** Similar advisory services may be available from other investment advisers for similar or

lower fees. **ANY QUESTIONS: MPW's Chief Compliance Officer, Steven Merrell, remains available to address any questions that a client or prospective client may have regarding the advisory fee schedule.**

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

A. MPW may utilize the following methods of security analysis:

- *Asset Allocation.* Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance. Asset allocation is the most important decision in portfolio construction. A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.
- *Mutual Fund and/or ETF Analysis.* We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying cost of a mutual fund or ETF. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

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

- *Risks for all forms of analysis.* Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

MPW may utilize the following investment strategies when implementing investment advice given to clients:

In general, MPW will utilize Long Term Purchases (securities held at least a year) in a client's account, as we do not try to time the market. From time to time, Short Term Purchases (securities sold within a year) may be appropriate such as for tax-loss harvesting, or other needs or opportunities dictate. We generally do not engage in Trading (securities sold within thirty (30) days), but in rare events it may make sense to do so.

**Please Note: Investment Risk.** Investing in securities involves risk of loss that clients should be prepared to bear. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by MPW) will be profitable or equal any specific performance level(s). **Please Also Note:** Investing in securities involves risk of loss that clients should be prepared to bear.

- B. MPW's methods of analysis and investment strategies do not present any significant or unusual risks.

However, every method of analysis has its own inherent risks. To perform an accurate market analysis MPW must have access to current/new market information. MPW has no control over the dissemination rate of market information; therefore, unbeknownst to MPW, certain analyses may be compiled with outdated market information, severely limiting the value of MPW's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

MPW's primary investment strategies - Long Term Purchases, Short Term Purchases, and Trading—are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy. Trading, an investment strategy that requires the purchase and sale of securities within a thirty (30) day investment time period, involves a very short investment time period but will incur higher transaction costs when compared to a short term investment strategy and substantially higher transaction costs than a longer term investment strategy.

- C. MPW recommends asset allocations based on a particular client's: economic situation, liquidity needs, risk tolerance, proposed investment period, need for diversification, reliance upon current income, present and anticipated tax situation. MPW also considers historical yields, potential appreciation and marketability before making investment recommendations. MPW recommends and manages many types of asset allocations, including: exchange-listed securities, mutual fund shares, structured notes, corporate debt, ETFs and US government securities on a discretionary and/or non-discretionary basis in accordance with the client's designated investment objective(s).

MPW may utilize long and short mutual funds and/or exchange traded funds that are designed to perform in either an: (1) inverse relationship to certain market indices (at a rate of 1 or more times the inverse [opposite] result of the corresponding index) as an investment strategy and/or for the purpose of hedging against downside market risk; and (2) enhanced relationship to certain market indices (at a rate of 1 or more times the actual result of the corresponding index) as an investment strategy and/or for the purpose of increasing gains in an advancing market. There can be no assurance that any such strategy will prove profitable or successful. In light of these enhanced risks/rewards, a client may

direct MPW, in writing, not to employ any or all such strategies for his/her/their/its accounts.

When consistent with a client's investment objectives, MPW may allocate investment assets to "interval funds." Investment companies structured as "interval funds" are generally designed for long-term investors that do not require daily liquidity. Shares in interval funds typically do not trade on the secondary market. Instead, their shares are subject to periodic redemption offers by the fund at a price based on net asset value. Thus, if we determined that the fund was no longer performing or if you ever determined to transfer your account, the fund could not be sold or transferred immediately. Rather, sale or transfer would need to await the quarterly permitted sale date. Moreover, the eventual net asset value for the fund could be substantially different (positive or negative) than the fund value on the date that the sale was requested. There can be no assurance that any such strategy will prove profitable or successful. Generally, the interval funds recommended by MPW offer a finite period, on a quarterly basis, during which the client may seek the redemption of previously purchased interval funds. In light of these enhanced risks/rewards, a client may direct MPW, in writing, not to purchase such funds for the client's account.

MPW may also utilize closed-end funds in the management of client accounts. Closed-end funds generally do not continually offer their shares for sale. Rather, they sell a fixed number of shares at one time, after which the shares typically trade on a secondary market, such as the New York Stock Exchange or the NASDAQ Stock Market. The specific risk factors related to closed-end funds vary depending upon the structure of each fund. Shares of closed-end funds frequently trade at a premium or discount relative to their net asset value ("NAV"). If MPW purchases shares of a closed-end fund at a discount to its NAV, there can be no assurance that the discount will decrease, and it is possible that the discount may increase and affect whether the client will realize a gain or loss on the investment. Many closed-end funds invest using borrowed money to seek higher returns. This triggers greater risk and could cause the share price to fluctuate accordingly, especially because the closed-end fund will also have to pay interest or dividends on its leverage, effectively reducing the return value. Many closed-end funds also choose to distribute a fixed percentage of net assets regardless of the fund's actual interest income and capital gains. Consequently, distributions by a closed-end fund may include a return of capital, which would reduce the fund's net asset value and its earnings capacity. Closed-end funds may invest in a greater amount of illiquid securities than open-end mutual funds. Investments in illiquid securities pose risks related to uncertainty in valuations, volatile market prices, and limitations on resale that may have an adverse effect on the ability of the fund to dispose of the securities promptly or at reasonable prices. Finally, closed-end funds carry liquidity risks, which exists when particular investments are difficult to purchase and sell, possibly preventing MPW from selling out of such illiquid securities at an advantageous price.

**Margin.** MPW does not recommend the use of margin for investment purposes. Margin is an investment strategy with a high level of inherent risk. A margin transaction occurs when an investor uses borrowed assets to purchase financial instruments or to access liquidity. The investor generally obtains the borrowed assets by using other securities as collateral for the borrowed sum. When used for investment purposes, the intended effect is to magnify any gains or losses sustained by the purchase of the financial instruments on margin. However, clients generally retain the ability to utilize margin on their own, and MPW remains available to assist.

Clients who elect to utilize margin establish a margin account with their broker-dealer/custodian or their affiliated banks (each, a “Lender”), and may then have access to margin loans for financial planning, cash flow management, or other purposes. For example, clients may wish to utilize margin as a means to borrow money to pay bills or other expenses such as financing the purchase, construction, or maintenance of a real estate project.

The terms and conditions of each margin loan are contained in a separate agreement between the client and the Lender selected by the client, which terms and conditions may vary from client to client. Borrowing funds on margin is not suitable for all clients and is subject to certain risks, including but not limited to: increased market risk, increased risk of loss, especially in the event of a significant downturn; liquidity risk; the potential obligation to post collateral or repay the margin loan if the Lender determines that the value of collateralized securities is no longer sufficient to support the value of the loan; the risk that the Lender may liquidate the client’s securities to satisfy its demand for additional collateral or repayment / the risk that the Lender may terminate the margin loan at any time. Before agreeing to participate in a margin loan program, clients should carefully review the applicable margin loan agreement and all risk disclosures provided by the Lender including the initial margin and maintenance requirements for the specific program in which the client enrolls, and the procedures for issuing “margin calls” and liquidating securities and other assets in the client’s accounts. Should a client determine to use margin, MPW will include the entire market value of the margined assets when computing its advisory fee. Accordingly, MPW’s fee shall be based upon a higher margined account value, resulting in MPW earning a correspondingly higher advisory fee. As a result, the potential of conflict of interest arises since MPW may have an economic disincentive to recommend that the client terminate the use of margin. **Please Note:** The use of margin can cause significant adverse financial consequences in the event of a market correction.

## **Item 9           Disciplinary Information**

MPW has not been the subject of any disciplinary actions.

## **Item 10          Other Financial Industry Activities and Affiliations**

- A. Neither MPW, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither MPW, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. Neither MPW, nor its representatives, have any relationship or arrangement with a related person that is material to its advisory business.
- D. MPW 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**

- A. MPW maintains an investment policy relative to personal securities transactions. This investment policy is part of MPW's overall Code of Ethics, which serves to establish a standard of business conduct for all of MPW's Representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, MPW also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by MPW or any person associated with MPW.

- B. Neither MPW nor any related person of MPW recommends, buys, or sells for client accounts, securities in which MPW or any related person of MPW has a material financial interest.
- C. MPW and/or representatives of MPW *may* buy or sell securities that are also recommended to clients. This practice may create a situation where MPW and/or representatives of MPW are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if MPW did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed before those of MPW's clients) and other potentially abusive practices.

MPW has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of MPW's "Access Persons." MPW's securities transaction policy requires that Access Person of MPW must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Furthermore, Access Persons must provide the Chief Compliance Officer with a quarterly transaction report, detail all trades in the Access Person's account during the previous quarter; and on an annual basis, each Access Person must provide the Chief Compliance Officer with a written report of the Access Person's current securities holdings.

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

## **Item 12            Brokerage Practices**

- A. In the event that the client requests that MPW recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct MPW to use a specific broker-dealer/custodian), MPW generally recommends that investment

management accounts be maintained at *Schwab*. Prior to engaging MPW to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with MPW setting forth the terms and conditions under which MPW shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that MPW considers in recommending *Schwab* (or another broker-dealer/custodian) include historical relationship with MPW, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by MPW's clients (to the extent that such transaction fees or commissions are paid) shall comply with MPW's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where MPW determines, in good faith, that the commission/transaction fee is reasonable. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although MPW will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, MPW's investment management fee. MPW's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

1. Research and Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, MPW can receive from *Schwab* (or another broker-dealer/custodian, investment platform, unaffiliated investment manager, mutual fund sponsor, or vendor) without cost (and/or at a discount) support services and/or products, certain of which assist MPW to better monitor and service client accounts maintained at such institutions. Included within the support services that can be obtained by MPW may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by MPW in furtherance of its investment advisory business operations.

Certain of the above support services and/or products assist MPW in managing and administering client accounts. Others do not directly provide such assistance, but rather assist MPW to manage and further develop its business enterprise.

MPW's clients do not pay more for investment transactions effected and/or assets maintained at *Schwab* as a result of this arrangement. There is no corresponding commitment made by MPW to *Schwab* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

**MPW's Chief Compliance Officer, Steven Merrell, remains available to address any questions that a client or prospective client may have regarding the above**

**arrangement and any corresponding conflicts of interest such arrangement creates.**

2. MPW does not receive referrals from broker-dealers.
3. MPW does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and MPW will not seek better execution services or prices from other broker-dealers or be able to “batch” the client’s transactions for execution through other broker-dealers with orders for other accounts managed by MPW. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

**Please Note:** In the event that the client directs MPW to effect securities transactions for the client’s accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through MPW. Higher transaction costs adversely impact account performance. **Please Also Note:** Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts.

**MPW’s Chief Compliance Officer, Steven Merrell, remains available to address any questions that a client or prospective client may have regarding the above arrangement.**

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

## **Item 13      Review of Accounts**

- A. For those clients to whom MPW provides investment supervisory services, account reviews are conducted on an ongoing basis by one of MPW’s Advisors. All investment supervisory clients are advised that it remains their responsibility to advise MPW of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with MPW on an annual basis.

- B. MPW *may* conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. MPW may also provide a written periodic report summarizing account activity and performance.

#### **Item 14          Client Referrals and Other Compensation**

As indicated at Item 12 above, MPW can receive from Schwab (and others) without cost (and/or at a discount), support services and/or products. MPW's clients do not pay more for investment transactions effected and/or assets maintained at Schwab (or any other institution) as result of this arrangement. There is no corresponding commitment made by MPW to Schwab, or to any other entity, to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as the result of the above arrangement.

**MPW's Chief Compliance Officer, Steven Merrell, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding conflicts of interest any such arrangement creates.**

- A. MPW does not compensate, directly or indirectly, any person other than its representatives for client referrals.

#### **Item 15          Custody**

MPW shall have the ability to have its advisory fee for each client debited by the custodian. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. MPW may also provide a written periodic report summarizing account activity and performance.

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

#### **Item 16          Investment Discretion**

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

Clients who engage MPW on a discretionary basis may, at anytime, impose restrictions, **in writing**, on MPW's discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe MPW's use of margin, etc.).

#### **Item 17      Voting Client Securities**

- A. MPW does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.
- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact MPW to discuss any questions they may have with a particular solicitation.

#### **Item 18      Financial Information**

- A. MPW does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. MPW is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. MPW has not been the subject of a bankruptcy petition.

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