

# Murphy Clarke Williams & Stone, LLC

## Firm Brochure - Form ADV Part 2A

*This brochure provides information about the qualifications and business practices of MURPHY CLARKE WILLIAMS & STONE, LLC. If you have any questions about the contents of this brochure, please contact us at (305) 954-1521 or by email at: [info@mcwstone.com](mailto:info@mcwstone.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 MURPHY CLARKE WILLIAMS & STONE, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). MURPHY CLARKE WILLIAMS & STONE, LLC's CRD number is: 330290.*

**March 28<sup>th</sup>, 2024**

429 Lenox Ave, Suite 403  
Miami Beach, FL 33139  
(305) 954-1521  
[info@MCWStone.com](mailto:info@MCWStone.com)  
<https://www.mcwstone.com>

*Registration as an investment adviser does not imply a certain level of skill or training.*

## **Item 2: Material Changes**

This is the Firms initial Brochure.

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## Item 4: Advisory Business

### A. Description of the Advisory Firm

MURPHY CLARKE WILLIAMS & STONE, LLC (hereinafter “MCWStone”) is a Limited Liability Company organized in the State of Florida. The firm was formed in February 2024, and the principal owner is Leslie Clarke.

### B. Types of Advisory Services

#### *Portfolio Management Services*

MCWSTONE offers ongoing portfolio management services based on the individual goals and client specific investment policy guidelines, objectives, time horizon, and risk tolerance of each client. MCWSTONE creates an Investment Policy Statement for each client, which outlines the client’s current situation (income, tax levels, and risk tolerance levels). Portfolio management services include, but are not limited to, the following:

- Investment strategy
- Asset allocation
- Risk tolerance
- investment policy guideline
- Asset selection
- Regular portfolio monitoring

MCWStone evaluates the current investments and investment policy guideline (if any) of each client with respect to their risk tolerance levels and time horizon. MCWSTONE will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

MCWSTONE seeks to provide that investment decisions are made in accordance with the fiduciary duties owed to its accounts and without consideration of MCWSTONE’s economic, investment or other financial interests. To meet its fiduciary obligations, MCWSTONE attempts to avoid, among other things, investment or trading practices that systematically advantage or disadvantage certain client portfolios, and accordingly, MCWSTONE’s policy is to seek fair and equitable allocation of investment opportunities/transactions among its clients to avoid favoring one client over another over time. It is MCWSTONE’s policy to allocate investment opportunities and transactions it identifies as being appropriate and prudent, including initial public offerings (“IPOs”) and other investment opportunities that might have a limited supply, among its clients on a fair and equitable basis over time.

MCWSTONE (the “Investment Manager”) may provide sub-advisory/management services to a related and unrelated pooled Investment vehicle (“Fund Services”).

The fee schedule for such services is generally described in the Fund's current disclosure documents. MCWSTONE will provide all disclosure documents to clients of MCWSTONE.

MCWSTONE may direct clients to third-party investment advisers to manage all or a portion of the client's assets. Before selecting other advisers for clients, MCWSTONE will always ensure those other advisers are properly licensed or registered as an investment adviser. MCWSTONE then may make investments with a third-party investment adviser by referring the client to the third-party adviser. MCWSTONE may also allocate among one or more public and private equity funds or managers of other pooled investment vehicles as third-party fund advisers. MCWSTONE will periodically review the ongoing performance of the third-party adviser as a portion of the client's portfolio.

### ***Services Limited to Specific Types of Investments***

MCWSTONE generally limits its investment advice to mutual funds, fixed income securities, real estate funds (including REITs), equities, private equity funds, ETFs (including ETFs in the gold and precious metal sectors), treasury inflation protected/inflation linked bonds, commodities, non-U.S. securities, venture capital funds and private placements. MCWSTONE may use other securities as well to help diversify a portfolio when applicable.

### ***Written Acknowledgement of Fiduciary Status***

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries 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. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

## **C. Client Tailored Services and Client Imposed Restrictions**

MCWSTONE offers the same suite of services to all of its clients. However, specific client investment strategies and their implementation are dependent upon the client Investment

Policy Statement which outlines each client's current situation (income, tax levels, and risk tolerance levels). Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent MCWSTONE from properly servicing the client account, or if the restrictions would require MCWSTONE to deviate from its standard suite of services, MCWSTONE reserves the right to end the relationship.

#### **D. Wrap Fee Programs**

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees and transaction costs. MCWSTONE does not participate in wrap fee programs.

#### **E. Assets Under Management**

MCWSTONE has the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$0	\$0	February 2024

### **Item 5: Fees and Compensation**

#### **A. Fee Schedule**

##### *Portfolio Management Fees*

Total Assets Under Management	Annual Fees
\$500,000 - \$1,000,000	1.50%
\$1,000,000 - \$2,000,000	1.25%
\$2,000,000 - AND UP	1.00%

The advisory fee is calculated using the value of the assets in the Account on the last business day of the prior billing period.

These fees are generally negotiable, and the final fee schedule will be memorialized in the client's advisory agreement. Clients may terminate the agreement without penalty for a full refund of MCWSTONE's fees within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the Investment Advisory Contract generally with 7 days' written notice.

MCWSTONE provides sub-advisory and management services to related and unrelated pooled investment vehicles. The advisory fees that MCWSTONE receives for providing those services are set forth in the agreement between MCWSTONE and each individual Fund.

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

MCWSTONE will be compensated via a fee share from the advisers to which it directs those clients. This relationship will be memorialized in each contract between MCWSTONE and each third-party adviser. The fees shared will not exceed any limit imposed by any regulatory agency.

MCWSTONE may direct clients to Morgan Stanley. The annual fee schedule is as follows:

<b>Total Assets Under Management</b>	<b>MCWSTONE's Fee</b>	<b>Third Party's Fee</b>	<b>Total Fee</b>
<b>\$1,000,000 - AND UP</b>	<b>40.00%</b>	<b>60.00%</b>	<b>1.50%</b>

The advisory fee is calculated using the value of the assets in the Account on the last business day of the prior billing period.

These fees are negotiable.

## **B. Payment of Fees**

### ***Payment of Portfolio Management Fees***

Asset-based portfolio management fees are withdrawn directly from the client's accounts with client's written authorization on a monthly basis or may be invoiced and billed directly to the client on a monthly basis. Clients may select the method in which they are billed. Fees are paid in arrears.

### ***Payment of Selection of Other Advisers Fees***

Fees for selection of Morgan Stanley as third-party adviser are withdrawn directly from the client's accounts with client's written authorization. Fees are paid monthly in arrears.

## **C. Client Responsibility For Third Party Fees**

Clients are responsible for the payment of all third-party fees (i.e., custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by MCWSTONE. Please see Item 12 of this brochure regarding broker-dealer/custodian.

## **D. Prepayment of Fees**

MCWSTONE collects fees in arrears. Refunds for fees paid in advance will be returned within fourteen days to the client via check or return deposit back into the client's account.

Morgan Stanley collects its fees in arrears.

For all asset-based fees, if paid in advance, the fee refunded will be equal to the balance of the fees collected in advance minus the daily rate\* times the number of days elapsed in the billing period up to and including the day of termination. (\*The daily rate is calculated by dividing the annual asset-based fee by 365.)

## **E. Outside Compensation For the Sale of Securities to Clients**

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

## **Item 6: Performance-Based Fees and Side-By-Side Management**

MCWSTONE does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

## **Item 7: Types of Clients**

MCWSTONE generally provides advisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Corporations or Business Entities
- ❖ Pooled Investment Vehicles

There is an account minimum of \$500,000, which may be waived by MCWSTONE in its discretion.

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

## A. Methods of Analysis and Investment Strategies

### *Methods of Analysis*

MCWSTONE's methods of analysis include Charting analysis, Fundamental analysis, Modern portfolio theory, Quantitative analysis and Technical analysis.

**Charting analysis** involves the use of patterns in performance charts. MCWSTONE uses this technique to search for patterns used to help predict favorable conditions for buying and/or selling a security.

**Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

**Modern portfolio theory** is a theory of investment that attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, each by carefully choosing the proportions of various asset.

**Quantitative analysis** deals with measurable factors as distinguished from qualitative considerations such as the character of management or the state of employee morale, such as the value of assets, the cost of capital, historical projections of sales, and so on.

**Technical analysis** involves the analysis of past market data; primarily price and volume.

### *Investment Strategies*

MCWSTONE uses long-term holding of investments and tends not to do short-term trading.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## B. Material Risks Involved

### *Methods of Analysis*

**Charting analysis** strategy involves using and comparing various charts to predict long and short-term performance or market trends. The risk involved in using this method is that only past performance data is considered without using other methods to crosscheck data. Using charting analysis without other methods of analysis would be making the assumption that past performance will be indicative of future performance. This may not be the case.

**Fundamental analysis** concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in

stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

**Modern portfolio theory** assumes that investors are risk averse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists which has better expected returns.

**Quantitative analysis** Investment strategies using quantitative models may perform differently than expected as a result of, among other things, the factors used in the models, the weight placed on each factor, changes from the factors' historical trends, and technical issues in the construction and implementation of the models.

**Technical analysis** attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not take into account new patterns that emerge over time.

### ***Investment Strategies***

**Long-term trading** is designed to capture market rates of both return and risk. Due to its nature, the long-term holding investment strategy can expose clients to various 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, market risk, and political/regulatory risk.

**Selection of Other Advisers:** MCWSTONE's selection process cannot ensure that money managers will perform as desired and MCWSTONE will have no control over the day-to-day operations of any of its selected money managers. MCWSTONE would not necessarily be aware of certain activities at the underlying money manager level, including without limitation a money manager's engaging in unreported risks, investment "style drift" or even regulatory breaches or fraud.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### **C. Risks of Specific Securities Utilized**

Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below (leaving aside Treasury Inflation Protected/Inflation

Linked Bonds) are not guaranteed or insured by the FDIC or any other government agency.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond “fixed income” nature (lower risk) or stock “equity” nature that is associated with higher market fluctuation.

**Equity** investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.

**Fixed income** investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best-known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.

**Exchange Traded Funds (ETFs):** An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance. Risks in investing in ETFs include trading risks, liquidity and shutdown risks, risks associated with a change in authorized participants and non-participation of authorized participants, risks that trading price differs from indicative net asset value (iNAV), or price fluctuation and disassociation from the index being tracked. With regard to trading risks, regular trading adds cost to your portfolio thus counteracting the low fees that one of the typical benefits of ETFs. Additionally, regular trading to beneficially “time the market” is difficult to achieve. Even paid fund managers struggle to do this every year, with the majority failing to beat the relevant indexes. With regard to liquidity and shutdown risks, not all ETFs have the same level of liquidity. Since ETFs are at least as liquid as their underlying assets, trading conditions are more accurately reflected in implied liquidity rather than the average daily volume of the ETF itself. Implied liquidity is a measure of what can potentially be traded in ETFs based on its underlying assets. ETFs are subject to market volatility and the risks of their underlying securities, which may include the risks associated with investing in smaller companies, foreign securities, commodities, and fixed income investments (as applicable). Foreign securities in particular are subject to interest rate, currency exchange

rate, economic, and political risks, all of which are magnified in emerging markets. ETFs that target a small universe of securities, such as a specific region or market sector, are generally subject to greater market volatility, as well as to the specific risks associated with that sector, region, or other focus. ETFs that use derivatives, leverage, or complex investment strategies are subject to additional risks. Precious Metal ETFs (e.g., Gold, Silver, or Palladium Bullion backed “electronic shares” not physical metal) specifically may be negatively impacted by several unique factors, among them (1) large sales by the official sector which own a significant portion of aggregate world holdings in gold and other precious metals, (2) a significant increase in hedging activities by producers of gold or other precious metals, (3) a significant change in the attitude of speculators and investors. The return of an index ETF is usually different from that of the index it tracks because of fees, expenses, and tracking error. An ETF may trade at a premium or discount to its net asset value (NAV) (or indicative value in the case of exchange-traded notes). The degree of liquidity can vary significantly from one ETF to another, and losses may be magnified if no liquid market exists for the ETF's shares when attempting to sell them. Each ETF has a unique risk profile, detailed in its prospectus, offering circular, or similar material, which should be considered carefully when making investment decisions.

**Real estate** funds (including REITs) face several kinds of risk that are inherent in the real estate sector, which historically has experienced significant fluctuations and cycles in performance. Revenues and cash flows may be adversely affected by: changes in local real estate market conditions due to changes in national or local economic conditions or changes in local property market characteristics; competition from other properties offering the same or similar services; changes in interest rates and in the state of the debt and equity credit markets; the ongoing need for capital improvements; changes in real estate tax rates and other operating expenses; adverse changes in governmental rules and fiscal policies; adverse changes in zoning laws; the impact of present or future environmental legislation and compliance with environmental laws.

**Annuities** (although normally not contemplated for MCWStone clients) are a retirement product for those who may have the ability to pay a premium now and want to guarantee they receive certain monthly payments or a return on investment later in the future. Annuities are contracts issued by a life insurance company designed to meet requirement or other long-term goals. An annuity is not a life insurance policy. Variable annuities are designed to be long-term investments, to meet retirement and other long-range goals. Variable annuities are not suitable for meeting short-term goals because substantial taxes and insurance company charges may apply if you withdraw your money early. Variable annuities also involve investment risks, just as mutual funds do.

**Private equity** funds carry certain risks. Capital calls will be made on short notice, and the failure to meet capital calls can result in significant adverse consequences, including but not limited to a total loss of investment.

**Private placements** carry a substantial risk as they are subject to less regulation than are publicly offered securities, the market to resell these assets under applicable securities laws may be illiquid, due to restrictions, and the liquidation may be taken at a substantial discount to the underlying value or result in the entire loss of the value of such assets.

**Venture capital funds** invest in start-up companies at an early stage of development in the interest of generating a return through an eventual realization event; the risk is high as a result of the uncertainty involved at that stage of development.

**Commodities** are tangible assets used to manufacture and produce goods or services. Commodity prices are affected by different risk factors, such as disease, storage capacity, supply, demand, delivery constraints and weather. Because of those risk factors, even a well-diversified investment in commodities can be uncertain.

**Non-U.S.** securities present certain risks such as currency fluctuation, political and economic change, social unrest, changes in government regulation, differences in accounting and the lesser degree of accurate public information available.

**Past performance is not indicative of future results. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There are no criminal or civil actions to report.

### **B. Administrative Proceedings**

There are no administrative proceedings to report.

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

There are no self-regulatory organization proceedings to report.

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

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

Neither MCWSTONE nor its representatives are registered as, or have pending applications to become, a broker/dealer or a representative of a broker/dealer.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither MCWSTONE nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

### **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

MCWStone is under common ownership with Murphy Clarke Financial Ltd., a Broker Dealer registered with the Trinidad and Tobago Securities Exchange Commission (Registration no. [https://www.ttsec.org.tt/registrant-info/?reg\\_id=C62](https://www.ttsec.org.tt/registrant-info/?reg_id=C62) ).

MCWStone may provide sub-advisory services to Murphy Financial Ltd. clients and due to the related nature of these entities, an incentive for this arrangement exists in that Murphy Financial Ltd. may benefit by delegating sub-advisory functions to its related Adviser MCWStone.

MCWSTONE will always act in the best interests of the client and will disclose any appearance of conflicts, including when receiving referral mandates from a related investment adviser.

### **D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections**

MCWSTONE may direct clients to third-party investment advisers to manage all or a portion of the client's assets. MCWSTONE will be compensated via a fee share from the advisers to which it directs those clients. This relationship will be memorialized in each contract between MCWSTONE and each third-party advisor. The fees shared will not exceed any limit imposed by any regulatory agency. This creates a conflict of interest in that MCWSTONE has an incentive to direct clients to the third-party investment advisers that provide MCWSTONE with a larger fee split. MCWSTONE will always act in the best interests of the client, including when determining which third-party investment adviser to recommend to clients. MCWSTONE will ensure that all recommended advisers are licensed or notice filed in the states in which MCWSTONE is recommending them to clients.

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

### **A. Code of Ethics**

MCWSTONE has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment,

Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. MCWSTONE's Code of Ethics is available free upon request to any client or prospective client.

### **B. Recommendations Involving Material Financial Interests**

MCWSTONE does not recommend that clients buy or sell any security in which a related person to MCWSTONE or MURPHY CLARKE FINANCIAL LTD. Have a material financial interest.

### **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of MCWSTONE may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of MCWSTONE to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. MCWSTONE will always document any transactions that could be construed as conflicts of interest and will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

### **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of MCWSTONE may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of MCWSTONE to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest; however, MCWSTONE will never engage in trading that operates to the client's disadvantage if representatives of MCWSTONE buy or sell securities at or around the same time as clients.

## **Item 12: Brokerage Practices**

### **A. Factors Used to Select Custodians and/or Broker/Dealers**

Custodians/broker-dealers will be recommended based on MCWSTONE's duty to seek "best execution," which is the obligation to seek execution of securities transactions for a client on the most favorable terms for the client under the circumstances. Clients will not necessarily pay the lowest commission or commission equivalent, and MCWSTONE may also consider the market expertise and research access provided by the broker-

dealer/custodian, including but not limited to access to written research, oral communication with analysts, admittance to research conferences and other resources provided by the brokers that may aid in MCWSTONE's research efforts. MCWSTONE will never charge a premium or commission on transactions, beyond the actual cost imposed by the broker-dealer/custodian.

MCWSTONE has access to and actively recommends the institutional services of Morgan Stanley via its pension fund consulting group Graystone Consulting.

### ***1. Research and Other Soft-Dollar Benefits***

While MCWSTONE has no formal soft dollars program in which soft dollars are used to pay for third party services, MCWSTONE may receive research, products, or other services from custodians and broker-dealers in connection with client securities transactions ("soft dollar benefits"). MCWSTONE may enter into soft-dollar arrangements consistent with (and not outside of) the safe harbor contained in Section 28(e) of the Securities Exchange Act of 1934, as amended. There can be no assurance that any particular client will benefit from soft dollar research, whether or not the client's transactions paid for it, and MCWSTONE does not seek to allocate benefits to client accounts proportionate to any soft dollar credits generated by the accounts. MCWSTONE benefits by not having to produce or pay for the research, products or services, and MCWSTONE will have an incentive to recommend a broker-dealer based on receiving research or services. Clients should be aware that MCWSTONE's acceptance of soft dollar benefits may result in higher commissions charged to the client.

### ***2. Brokerage for Client Referrals***

MCWSTONE receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

### ***3. Clients Directing Which Broker/Dealer/Custodian to Use***

MCWSTONE may permit clients to direct it to execute transactions through a specified broker-dealer. If a client directs brokerage, then the client will be required to acknowledge in writing that the client's direction with respect to the use of brokers supersedes any authority granted to MCWSTONE to select brokers; this direction may result in higher commissions, which may result in a disparity between free and directed accounts; and trades for the client and other directed accounts may be executed after trades for free accounts, which may result in less favorable prices, particularly for illiquid securities or during volatile market conditions. Not all investment advisers allow their clients to direct brokerage.

## **B. Aggregating (Block) Trading for Multiple Client Accounts**

MCWSTONE does not aggregate or bunch the securities to be purchased or sold for multiple clients. This may result in less favorable prices, particularly for illiquid securities or during volatile market conditions.

## **Item 13: Review of Accounts**

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

All client accounts for MCWSTONE's advisory services provided on an ongoing basis are reviewed at least quarterly by its Chief Compliance Officer, Robert Brito with regard to clients' respective investment policies and risk tolerance levels. All accounts at MCWSTONE are assigned to this reviewer.

### **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

### **C. Content and Frequency of Regular Reports Provided to Clients**

Each client of MCWSTONE's advisory services provided on an ongoing basis will receive a quarterly report detailing the client's account, including assets held, asset value, and calculation of fees. This written report will come from the custodian. MCWSTONE will also provide at least quarterly portfolio review to each client.

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

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

MCWSTONE may accept compensation for client referrals but does not have any such arrangements in place at this time. MCWSTONE will fully disclose to clients the details of any referral relationships.

### **B. Compensation to Non - Advisory Personnel for Client Referrals**

Solicitor relationships will be fully disclosed to each Client to the extent required by applicable law. MCWSTONE will ensure each solicitor is exempt, notice filed, or properly registered in all appropriate jurisdictions.

### **Item 15: Custody**

When advisory fees are deducted directly from client accounts at client's custodian, MCWSTONE will be deemed to have limited custody of client's assets and must have written authorization at the custodian institution from the client to do so. Clients will receive all account statements from official, unrelated custodian and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy.

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

MCWSTONE provides discretionary and non-discretionary investment advisory services to clients. The advisory contract established with each client sets forth the discretionary authority for trading. Where investment discretion has been granted, MCWSTONE generally manages the client's account and makes investment decisions without consultation with the client as to when the securities are to be bought or sold for the account, the total amount of the securities to be bought/sold, what securities to buy or sell, or the price per share.

### **Item 17: Voting Client Securities (Proxy Voting)**

MCWSTONE acknowledges its fiduciary obligation to vote proxies on behalf of those clients that have delegated to it, or for which it is deemed to have, proxy voting authority. MCWSTONE will vote proxies on behalf of a client solely in the best interest of the relevant client and has established general guidelines for voting proxies. MCWSTONE may also abstain from voting if, based on factors such as expense or difficulty of exercise, it determines that a client's interests are better served by abstaining. Further, because proxy proposals and individual company facts and circumstances may vary, MCWSTONE may vote in a manner that is contrary to the general guidelines if it believes that doing so would be in a client's best interest to do so. If a proxy proposal presents a conflict of interest between MCWSTONE and a client, then MCWSTONE will disclose the conflict of interest to the client prior to the proxy vote and, if participating in the vote, will vote in accordance with the client's wishes.

Clients may obtain a complete copy of the proxy voting policies and procedures by contacting MCWSTONE in writing and requesting such information. Each client may also request, by contacting MCWSTONE in writing, information concerning the manner in which proxy votes have been cast with respect to portfolio securities held by the relevant client during the prior annual period.

## **Item 18: Financial Information**

### **A. Balance Sheet**

MCWSTONE neither requires nor solicits prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither MCWSTONE nor its management has any financial condition that is likely to reasonably impair MCWSTONE's ability to meet contractual commitments to clients.

### **C. Bankruptcy Petitions in Previous Ten Years**

MCWSTONE has not been the subject of a bankruptcy petition in the last ten years.