



## **Money Concepts Advisory Service**

11440 North Jog Road  
Palm Beach Gardens, FL 33418  
Phone: 1 (561) 472-2000  
[www.moneyconcepts.com](http://www.moneyconcepts.com)

### **Form ADV Part 2A Brochure**

**March 12, 2024**

Money Concepts Advisory Service ("MCAS") is an investment adviser registered with the United States Securities and Exchange Commission (the "SEC"). Registration as an investment adviser does not constitute an endorsement by the SEC of an investment adviser's skill or expertise, nor does it imply any level of skill or training in providing advisory services to its clients.

This brochure provides information about the qualifications and business practices of MCAS. If you have any questions about the contents of this brochure, please contact us at (561) 472-2000 or via email at [compliance@moneyconcepts.com](mailto:compliance@moneyconcepts.com). The information in this brochure has not been approved or verified by the SEC or by any state securities authority.

Additional information about MCAS is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Material Changes - Item 2**

The purpose of this page is to inform you of any material changes since the previous version of this brochure.

On March 12, 2024, we submitted our annual updating amendment filing for fiscal year 2024. There were no material changes to report.

**Table of Contents - Item 3**

Cover Page - Item 1.....	1
Material Changes - Item 2.....	2
Table of Contents - Item 3 .....	3
Advisory Business - Item 4 .....	4
Fees and Compensation - Item 5 .....	8
Performance-Based Fees and Side-By-Side Management - Item 6 .....	12
Types of Clients - Item 7.....	12
Methods of Analysis, Investment Strategies and Risk of Loss - Item 8.....	13
Disciplinary Information - Item 9 .....	21
Other Financial Industry Activities or Affiliations - Item 10.....	21
Code of Ethics, Participation or Interest in Client Transactions and Personal Trading - Item 11.....	23
Brokerage Practices - Item 12 .....	25
Review of Accounts - Item 13 .....	28
Client Referrals and Other Compensation - Item 14 .....	29
Custody - Item 15.....	30
Investment Discretion - Item 16 .....	31
Voting Client Securities - Item 17 .....	31
Financial Information - Item 18 .....	32

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

##### **Firm Background & Principal Owners**

Money Concepts Advisory Service (referred to as “MCAS,” “Firm,” “we,” or “us”) is the name we use when providing investment advisory services. MCAS is an unincorporated division of Money Concepts Capital Corp. (“MCCC”), a Florida corporation headquartered in Palm Beach Gardens, Florida. We have been in business since 1991. MCCC is registered with the SEC as an investment adviser and is also registered with the SEC and all 50 states and the District of Columbia as a broker-dealer. We are a member of the Financial Industry Regulatory Authority (“FINRA”). The following entities own, directly or indirectly, 25% or more of MCAS:

Direct Owner: Money Concepts International, Inc.

Indirect Owner: World Investment Network, Inc.

We use the name “Money Concepts Advisory Service” when referring to the activities of our investment advisory business, and we use the name “Money Concepts Capital Corp” when referring to the activities of our broker-dealer business. Most Investment Adviser Representatives (“IARs”) of MCAS are registered as Registered Representatives of MCCC; a portion of the Registered Representatives of MCCC are registered as IARs of MCAS. Some IARs and Registered Representatives are also licensed insurance agents.

MCAS offers various investment advisory services to meet a variety of client needs and objectives. We offer the following types of investment advisory services:

- **Portfolio Management**
- **Financial Planning**
- **Consulting**

At the onset of our engagement, clients will complete an account profile or questionnaire to help us understand their financial situation, investment objectives, tolerance for risk, and investment time horizon, among other considerations. We will recommend one or more of our services based on their investment profile. Our recommendations may include our brokerage and/or insurance services in addition to, or in place of, our investment advisory services. Services will be provided pursuant to a written agreement.

##### **Portfolio Management**

Based on the client’s investment profile, we will assist the client in selecting a suitable portfolio management program. We offer a variety of portfolio management services on a discretionary and non-discretionary basis, depending on the program selected. Some of the programs utilize model portfolios, while others utilize IAR-designed or IAR-directed portfolios. Additionally, some of our programs may be managed by a sub-adviser. Each program is different, so it is important to carefully read the program descriptions provided to you and to ask your IAR any questions you may have. Differences among the various programs may include, but are not limited to, the following: minimum account size, the use of sub-advisers (if any), the types of securities traded within the portfolio, fees, asset allocations, and rebalancing frequencies. Certain programs may be restricted to investments in certain types of securities, such as exchange-traded funds (“ETFs”) or variable annuities. While clients may not be required to purchase a variable product, certain investments may only be available as subaccounts of a variable product.

Once a program is selected, the client’s assets will be managed according to the program’s investment strategy. In some instances, we (or the sub-adviser, as applicable) may allow a client to impose certain restrictions on the types of securities we recommend for the client’s account. In such an instance, clients should be aware that the imposition of account restrictions may result in investment performance that differs from other clients within the same program.

Clients are advised that changes in their financial situation, investment objectives, tolerance for risk, or investment time horizon may cause the program or strategy selected by the client to no longer be suitable. In the event of any such change, the client should contact us promptly in order to identify another program or strategy to fit the client's needs.

A client agreement may be canceled at any time, by either party, for any reason upon receipt of thirty (30) days written notice. Upon termination, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. The client has the right to terminate an agreement without penalty within five (5) business days after entering into the agreement.

We offer portfolio management services through the following programs:

- a) *Guided Portfolio Solutions ("GPS") Program*
- b) *GPS – Retirement Plan Network*
- c) *Managed Allocation Program*
- d) *MAP Advisor Assisted Program*
- e) *World Class Pension Program*

***Guided Portfolio Solutions ("GPS") Program***

There are multiple portfolios and programs within the GPS Program. Generally, custody of participating accounts is provided by Pershing LLC, an affiliate of The Bank of New York Mellon, or Charles Schwab & Co., Inc. ("Schwab"), depending in part on the program selected. The client's investment advisory contract, which is executed by and between the client and MCAS, will contain important information about the client's account, including the program selected and other pertinent details, such as whether MCAS has discretionary or non-discretionary authority over an account. Current programs include the following:

Program	Minimum Account Size	Sub-Adviser	Investment Authority
World Class Total Access	\$10,000	None	Non-discretionary
World Class Total Access Premium	\$10,000	None	Discretionary
WIN Portfolios	\$25,000	WIN Advisors, Inc.	Discretionary
Efficient Allocation Strategy	\$10,000	None	Discretionary
World Class Target Allocation	\$15,000 / \$25,000	None	Discretionary
Investor's Advantage Portfolios	\$15,000 / \$50,000 / \$100,000 / \$250,000 / \$1,000,000	None	Discretionary
Castellum Asset Management	\$500,000	None	Discretionary
Money Concepts Strategist	Determined by sub-adviser	BNY Mellon Advisors, Inc.	Limited discretionary
GPS Guardian	\$25,000	None	Discretionary
Liberty One Portfolios	\$10,000 / \$25,000 / \$50,000 / \$100,000	Liberty One Investment Management	Discretionary
Dynamic Market Advantage	\$10,000 / \$100,000 / \$1,000,000	None	Discretionary
Howard Capital Management	\$10,000 / \$25,000 / \$500,000	Howard Capital Management, Inc.	Discretionary
Bluegrass Asset Management	\$10,000	None	Discretionary
MCAS Separately Managed Accounts	Determined by the sub-adviser	BNY Mellon Advisors, Inc. or its designee	Discretionary

BNY Mellon AdvisorFlex Portfolios	\$50,000	BNY Mellon Advisors, Inc.	Discretionary
BNY Mellon Target Risk Focus Portfolios	\$250,000	BNY Mellon Advisors, Inc.	Discretionary
BNY Mellon Target Risk Portfolios	\$50,000	BNY Mellon Advisors, Inc.	Discretionary
Intrinsic Value Portfolios	\$25,000	None	Discretionary
Endowment Strategy	\$25,000	None	Discretionary

Client assets are invested in accordance with the investment objective and level of risk they, along with their adviser, determine is suitable. With the exception of the World Class Access, World Class Access Premium, World Class Pension, Investor's Advantage Portfolios, and Castellum Asset Management programs, portfolios are not tailored to meet the specific needs of the individual client.

The BNY Mellon AdvisorFlex Portfolios are part of a wrap fee program sponsored by BNY Mellon Advisors, Inc. whereby most advisory fees and brokerage fees are bundled together in a fixed, flat rate, the amount of which may or may not be higher than if such services were provided à la carte. When you participate in the BNY Mellon AdvisorFlex Portfolios, we receive a portion of this wrap fee. For more information about this wrap fee program, please review the wrap fee program brochure for BNY Mellon Advisors, Inc. and related disclosure documents.

Clients participating in the World Class Total Access, World Class Total Access Premium, and Investors' Advantage programs have the option of participating in a complementary annuity-linking program (the "Annuity-Linking Program"), which incurs a separate add-on fee. The fee charged is based upon a percentage of the linked annuity's value at the start of the quarter; the percentage charged is 0.5% on a quarterly basis (2% annually).

#### *GPS – Retirement Plan Network*

The GPS – Retirement Plan Network program is available exclusively for the management of retirement assets, such as 401(k) plans. The program utilizes retirement-specific model portfolios that have been created by MCAS. These proprietary model portfolios are comprised of a diverse group of no-load or load-waived mutual funds, collective investment funds, and ETFs. Each model portfolio is actively managed by MCAS. The assets and allocations of a participating client's portfolio will strongly correlate with those of the model portfolio it follows. There is no account balance required, and accounts are managed on a discretionary basis. This program utilizes investment strategies that are based upon proprietary model portfolios, not the specific needs of an individual client.

Under this program, MCAS serves as a "fiduciary" as defined under ERISA. The proprietary model portfolios created by MCAS are intended to assist participating clients in meeting their diversification needs. The composition of assets held in a participating client's account, as well as the availability of certain investments, are subject to change from time to time. MCAS utilizes an independent, qualified recordkeeper to rebalance participating client accounts at the direction of MCAS and to the extent necessary to comply with the current allocation of the model portfolios they follow.

#### *Managed Allocation Program*

This program manages Variable Annuities on a discretionary basis. The program has a minimum account size of \$10,000. In the Variable Annuities program, MCAS invests client assets into subaccounts within variable annuities and makes adjustments therein. Clients participating in this program have the option of participating in the Annuity-Linking Program, which incurs a separate add-on fee. The fee charged is based upon a percentage of the linked annuity's value at the start of the quarter; the percentage charged is 0.5% quarterly (2% annually).

#### *MAP Advisor Assisted Program*

Two services are offered under the MAP Advisor Assisted Program umbrella: the Variable Annuities program and the American Funds Class F-2 Shares program. Both are offered on a non-discretionary basis. The Variable Annuities program enables participating clients to allocate investments into various sub-accounts within selected annuities. The minimum account size for a variable annuity

is \$10,000. The American Funds F-2 program offers investments in several share classes of actively managed mutual funds. It does not have a minimum account size.

#### *World Class Pension Program*

In this program, MCAS will advise qualified pension and profit-sharing plans regarding select no-load and load-waived mutual funds available at NAV, and will educate, and provide assistance, where necessary, to plan participants regarding making exchanges between mutual funds available through their plans. MCAS will make ongoing recommendations for adjustments to the funds available through the plan. This program is offered on a non-discretionary basis to sponsors of qualified pension and profit-sharing plans. The sponsor will select the custodian and plan administrator utilized. The minimum plan size is \$10,000.

#### **Financial Planning**

Our financial planning service is designed to help individuals, families, and business owners navigate their financial future and reach their financial and personal goals. We work with the client as a team to develop an overall strategy for all aspects of the client's financial planning, life goals, and legacies. Our financial planning services include the following:

- Onboarding and fact-finding process, including documentation request and review
- Updated (e.g. frequently and regularly refreshed) comprehensive financial plan
- Financial discussions of your personal values, goals, objectives, desires, and dreams
- Implementation meeting to discuss comments, observations, and action items
- Cash flow and budget review, analysis, action items, and/or implementation
- Goal planning, analysis, action items and/or implementation
- Retirement goals, savings, future cash flow analysis, observation, and action items
- College education funding planning, analysis, action items, and/or implementation
- Investment review, analysis, comment and action items
- Risk analysis of personal liability, property, life, disability, and/or long-term care insurance
- Estate, trust, wealth transfer plan review, observations, and action items
- Current and future tax review, observations, and action items
- 2-meeting process per year to review, adjust, update those aspects agreed to
- Financial account aggregation and display online
- Online document storage and access [read only capability]
- Ongoing phone and email consultations, as needed within reason at our discretion

The engagement for our financial planning services is in effect for a period of one year with an automatic renewal, unless terminated in writing by either party. Either party may terminate the engagement at any time for any reason, in which case, termination of the agreement shall take effect on the next business day following the other party's receipt of the written notice.

#### **Consulting**

We offer consulting services on matters such as retirement, estates, insurance, investment research, and administrative matters pursuant to a written agreement. Either party may terminate the agreement at any time and for any reason by providing written notice to the other party. In which case, termination of the agreement shall take effect on the next business day following receipt of the written notice.

#### **Types of Investments**

We provide advice regarding a wide variety of investment products, including:

- Exchange-listed or over-the-counter debt or equity securities
- Warrants, commercial paper

- Money market funds, open-end investment companies (such as mutual funds), ETFs, closed-end funds, and unit investment trusts
- Variable life insurance, variable annuities, and their investment subaccounts
- Certificates of deposit, municipal securities
- Securities issued by the US Treasury, agencies, or government sponsored enterprises
- Options contracts, interests in partnerships investing in real estate, oil and gas interests, and equipment leasing

The securities for which we offer advice are more extensive than the investments we generally recommend to our clients.

#### **Negotiability**

For all services, we have the discretion to negotiate the terms of each client's relationship with us on a case-by-case basis, including, but not limited to, minimum account size. When considering and negotiating these matters, we usually consider, among other factors, the dollar amount of assets to be placed under management by the client and related accounts, anticipated future accounts or other assets, and current or anticipated services or other relationships. We may elect, at our own discretion, to aggregate related client accounts for the purpose of achieving the minimum account size requirements and determining fees. Waivers, discounts, or more favorable terms may be offered to family members and friends of our employees and affiliates. The specific terms of each client's advisory relationship will be agreed upon in writing by both MCAS and the client.

#### **Assets under Management**

As of December 31, 2023, we manage \$1,711,375,691 on a discretionary basis and \$1,192,641,330 on a non-discretionary basis.

### **Fees and Compensation - Item 5**

As described previously, we have the discretion to negotiate the terms of each client's relationship with us on a case-by-case basis, including our fees. Waivers, discounts, or more favorable terms may be offered to family members and friends of our employees and affiliates. The specific terms of each client's advisory relationship, including the amount of fees charged, will be agreed upon in writing by both MCAS and the client.

#### **Portfolio Management Fees**

The fees for our portfolio management services are payable in advance. These fees vary per program and are typically asset-based. Generally, clients will authorize and direct their custodians to deduct the fees due from their accounts upon receipt of instructions from MCAS (or on our or the sub-adviser's behalf). The amount of our fees paid will be reflected on a statement provided to the client at least quarterly by the custodian. Upon request and at our discretion, we may agree to bill the client directly for our fees. If the client's account is managed by a sub-advisor, both MCAS and the sub-advisor share in the advisory fee that is collected. A client agreement may be canceled at any time, by either party, for any reason upon receipt of thirty (30) days written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded (i.e., within 30 days), and any earned, unpaid fees will be due and payable. The client has the right to terminate an agreement without penalty within five (5) business days after entering into the agreement.

#### **GPS Program & GPS – Retirement Plan Network**

For our *GPS programs*, we typically charge an asset-based quarterly fee of 0.5% (2% annually) of assets under management, but this amount may vary according to the client and the program selected. We usually impose a minimum quarterly fee of \$62.50. Our fee schedules are subject to change with thirty (30) days written notice to the client. The fee is payable in advance on the effective date of the agreement prorated to the next quarter end. Thereafter, fees shall be computed and paid not less frequently than quarterly based on the value of the account on the last business day of the previous quarter end. Contributions and withdrawals are netted against each other to calculate the flow bill/refund amount. Flow billing is processed in arrears, at the end



of each quarter (debits or credits occur on or around the 7<sup>th</sup> business day of the new quarter), and transactions are separate from the regular quarterly billing. Clients participating in the GPS programs are subject to a one-time 2.5% financial planning fee, which may be reduced or waived at our discretion.

Clients who invested in *GPS programs* prior to April 2009 will typically be charged a different fee than that described above.

Clients invested in the *BNY Mellon AdvisorFlex Portfolios* are charged a wrap fee instead of the fees described above. Details about the wrap fee can be found in the wrap fee program brochure for BNY Mellon Advisors, Inc.

Clients participating in the Annuity-Linking Program are charged a separate quarterly fee for the annuity linking service. The separate fee is based on a percentage of the linked annuity's value at the start of the quarter. The linked annuities are not included in the assets under management calculation determining the asset-based quarterly fee charged for participation in the relevant GPS program.

For our *GPS – Retirement Plan Network*, we typically charge an asset-based quarterly fee of 0.325% (1.3% annually) of assets under management, but this amount may vary according to the client and the program selected.

Participants in the *World Class Pension* program will pay the following fees:

QUALIFIED PLAN ACCOUNT ASSETS	QUARTERLY FEE
\$10,000 to \$999,999	.3250%
\$1,000,000 to \$2,999,999	.2500%
\$3,000,000 to \$4,999,999	.2250%
\$5,000,000 to \$9,999,999	.1875%
\$10,000,000 and over	.1500%

#### *Managed Allocation Program*

Participants in the Variable Annuities program will pay the following fees:

AMOUNT OF ASSETS UNDER MANAGEMENT	QUARTERLY FEE
\$10,000 to \$49,999	.4500%
\$50,000 to \$99,999	.4000%
\$100,000 to \$499,999	.3750%
\$500,000 to \$999,999	.3125%
\$1,000,000 and over	.2500%

#### *MAP Advisor Assisted Program*

The American Funds Class F-2 Shares program: F-2 shares have no up-front or contingent deferred sales charges. Fees shall be calculated by American Funds Service Company for each quarterly period ending the last business day of February, May, August and November and shall be the product of (i) the following tiered rate and calculated based on the client's cumulative asset value (includes all account types and American Funds share classes) held on the last day of the quarter; (ii) average daily net asset value of client assets invested in F-2 shares of the American Funds through the program during the quarter; divided by (iii) the number of days in the year multiplied by the number of days in the quarter.

Participants in the MAP Advisor Assisted program will pay the following fees:

AMOUNT OF ASSETS UNDER MANAGEMENT	QUARTERLY FEE
\$10,000 to \$999,999	.3250%
\$1,000,000 to \$2,999,999	.2500%
\$3,000,000 to \$4,999,999	.2250%

\$5,000,000 to \$9,999,999	.1875%
\$10,000,000 and over	.1500%

#### *World Class Pension Program*

Participating sponsors will pay the following fees:

AMOUNT OF ASSETS UNDER MANAGEMENT	QUARTERLY FEE
\$10,000 to \$999,999	.3250%
\$1,000,000 to \$2,999,999	.2500%
\$3,000,000 to \$4,999,999	.2250%
\$5,000,000 to \$9,999,999	.1875%
\$10,000,000 and over	.1500%

#### **Financial Planning Fees**

Annual fees for financial planning services will be negotiated on a client-by-client basis, subject to a minimum quarterly fee ranging from \$250-\$1,000 depending on the financial planning program selected. This fee will be paid in advance and is refundable within 30 days from the date of the agreement, prorated for services actually provided through the date of termination.

#### **Consulting Fees**

Hourly fees for consulting will be negotiated on a client-by-client basis and will not exceed \$450/hour. Fees for consulting services will be billed based on the time expended at the agreed-upon hourly rate for the services rendered. If an agreement is terminated, fees will be payable for services performed through the date of termination.

#### **Additional Fees and Expenses**

In addition to the advisory fees collected, clients will incur other fees in connection with their accounts. Clients should consider carefully all of the direct and indirect fees and expenses of our services and the investment products we recommend in order to understand fully the total costs the client will bear and evaluate the value of the services we provide. Clients should expect to pay the following additional fees and expenses:

- **Broker-Dealer and Investment Expenses:** Clients whose accounts purchase or sell securities will incur brokerage and other transactions costs, which may include the following:
  - Commissions, sales charges, or other transaction costs charged by broker-dealers who execute the purchase or sale of securities on an agency basis;
  - Mark-ups, mark-downs, or other dealer or market maker spreads for securities bought or sold on a principal basis, and underwriting fees, dealer concessions, or related compensation in connection with securities acquired in underwritten offerings;
  - Odd lot differentials, transfer or other taxes, floor broker-dealer fees, exchange fees, service and handling fees, electronic fund or wire transfer fees, costs of exchanging currencies, margin interest, and other expenses incurred with respect to any investments made or assets held for the client's account; and
  - Initial and deferred sales charges and short-term redemption fees in connection with the purchase or redemption of mutual funds (or variable annuity contracts or variable life insurance contracts, if any).
- **Mutual Fund & ETF Expenses:** Clients whose accounts invest in mutual funds or ETFs will indirectly bear the internal management, operating, and investment fees and expenses charged by mutual funds or ETFs to their shareholders, including servicing and distribution fees paid pursuant to Rule 12b-1 ("12b-1 Fees"), recordkeeping fees, transfer, and sub-transfer agent fees. Fees and expenses of a particular mutual fund or ETF are described in its prospectus or summary disclosure. Clients should become familiar with such information prior to investing. Additionally, mutual funds may impose a redemption fee if shares are sold within a short time period, usually within 30, 60, or 90 days from the date of purchase. Clients should note that they can invest in mutual funds or ETFs directly, without the services of MCAS. In that case, the client will not receive the services provided by MCAS that are designed, among other things, to identify mutual funds or

ETFs that are appropriate in light of the client's investment profile. Accordingly, clients should review the fees charged by mutual funds and ETFs in which their accounts are invested when evaluating the costs of the services provided. We do not keep any 12b-1 fees that we receive for investments made by a client's account; any 12b-1 funds received will be deposited into the client's account.

- Exchange Expenses: If a client participating in a program that utilizes mutual funds and/or variable products already owns such products and such products provide exchange privileges with the fund family or variable product subaccounts without charge, the client should be aware that the portfolio manager will have the authority, when consistent with seeking the portfolio's objectives, to exchange the client's investments for shares to which the client's exchange privileges may not apply, or to redeem the client's investment in a fund and reinvest in a different fund family. If a client wishes to participate in a program through subaccounts of a variable product but does not already own a variable annuity or variable life insurance contract, the client will be required to purchase a variable annuity or variable life contract and will incur sales charges and other transaction expenses.
- Custodial Expenses: Clients will pay the cost of services provided by the custodians of their accounts for: (1) arranging for the receipt and delivery of account securities purchased, sold, borrowed or loaned; (2) making and receiving payments for account securities; (3) custody of account securities; and (4) custody of all cash, dividends, exchanges, distributions, and rights accruing to the account, and delivery of cash to client bank accounts. The custodian may be compensated through commissions or other transaction-based fees for securities transactions executed through the custodian (or its affiliates) or by asset-based fees settled into the custodian's accounts, or both. The specific fees and terms of each custodian's services will be described in the custodian's separate account agreement with the client. Clients should also refer to Item 12 for further information about our brokerage practices.
- Cash Management Fees and Expenses: Cash in accounts awaiting investment or reinvestment may be invested in cash balances or money market funds with the custodian (or its affiliate), pursuant to an automatic cash "sweep" program. The adviser to these funds may be the custodian (or its affiliate). For client accounts custodied at Pershing: MCAS maintains an agreement with Pershing whereby it will compensate MCAS based on the balances of client accounts in such sweep accounts. Consequently, the possibility of this compensation creates an incentive for MCAS to make decisions for the account custodied at Pershing which would have the effect of increasing this compensation. MCAS and Pershing (or its affiliate) may also receive distribution payments pursuant to Rule 12b-1 from the money market accounts in which account cash is invested. Such compensation or payments are not credited against, and will not reduce, the portfolio management fees or other amounts a client owes to us.
- Risks from Liquidation of Assets to Pay Fees: In most instances, clients' custodians will be authorized to deduct fees directly from the account to us according to our instructions, without notice to you or your consent. Clients are required to provide any additional documents requested for the deduction and payment of the fees due to us. If sufficient cash is not available in the client's account to pay our fees when due, account securities will be liquidated without prior notice to you. If mutual fund shares are liquidated, there is a risk you will be charged a contingent deferred sales charge or an early redemption or other fees intended to discourage short-term trading of mutual fund shares. There is also a risk that the value of the securities may have declined at the time of such liquidation, thereby causing you to realize a loss and forego the opportunity for future appreciation of such securities.
- IRA Rollover Considerations: As a normal extension of financial advice, we provide education or recommendations related to the rollover of an employer-sponsored retirement plan. A plan participant leaving employment has several options. Each choice offers advantages and disadvantages, depending on desired investment options and services, fees and expenses, withdrawal options, required minimum distributions, tax treatment, and the investor's unique financial needs and retirement plans. The complexity of these choices may lead an investor to seek assistance from us. An Associated Person who recommends an investor roll over plan assets into an Individual Retirement Account ("IRA") may earn an asset-based fee as a result, but no compensation if assets are retained in the plan. Thus, we have an economic incentive to encourage an investor to roll plan assets into an IRA. In most cases, fees and expenses will increase to the investor as a result because the above-described fees will apply to assets rolled over to an IRA and outlined ongoing services will be extended to these assets. We are fiduciaries under the Investment Advisers Act of 1940 and when we provide investment

advice to you regarding your retirement plan account or individual retirement account, we are also 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. We have to act in your best interests and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests.

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

As described in Item 4, the Firm is registered with the SEC as both an investment adviser and a broker-dealer. Additionally, it is also registered as an insurance general agency in numerous states. Investments used in our programs may generate commissions or other compensation to MCCC and their representatives in their capacity as broker-dealer and/or insurance agent. This means that we earn separate and additional fees when we act as broker-dealer to your account and when we sell insurance products to you, both of which present conflicts of interest. Commissions and other compensation from the sale of securities and insurance products represent more than half of our annual revenues and are our primary forms of compensation. The potential for sales compensation creates a conflict between our interests and the interests of our clients, and this may affect our judgment when making recommendations. Generally, we do not reduce or offset any of our portfolio management, financial planning, or consulting fees by the amount of fees that we receive from sales of insurance or securities. Clients should note that they do not have any obligation to implement any recommendations through us and may choose to purchase insurance and securities from other broker-dealers, insurance companies, or agents not affiliated with us.

#### ***Brokerage***

Certain of our advisory personnel, including many of our IARs, are also Registered Representatives of MCCC. In their capacity as Registered Representatives, these persons will receive commission-based compensation in connection with the purchase and sale of securities, including, but not limited to, the following types of securities:

- Variable annuities
- Investment company products (including the receipt of 12b-1 fees)

Compensation earned by these persons in their capacities as Registered Representatives, is separate from our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of MCAS who are also Registered Representatives have an incentive to effect securities transactions in your account(s) for the purpose of generating commissions rather than solely based on your needs.

#### ***Insurance***

Certain of our advisory personnel are licensed insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate from our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of MCAS who are insurance agents have an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs.

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

We do not have any performance-based fee arrangements with any of our clients.

#### **Types of Clients - Item 7**

We provide investment advisory services to the following types of clients:

- Individuals, including high net worth individuals
- Pension and profit sharing plans
- Trusts, estates, and charitable organizations
- Corporations and other businesses

Some of the programs offered through our portfolio management services have required account minimums. Please see Item 4 for details on the required account minimums by program.

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

### **Methods of Analysis**

We use the following methods of analysis when formulating advice and managing client accounts for which we are the portfolio manager:

#### **Fundamental Analysis**

We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the asset class of the security and the management of the company) to determine if the security should be included in the portfolio. Fundamental analysis does not attempt to anticipate market movements. As such, this method of analysis carries a risk that it may not recognize when the price of a security is moving up or down as a result of overall market movement regardless of the economic and financial factors considered in a fundamental analysis of the security.

#### **Technical Analysis**

Through a number of different statistical measures and data regarding the direction and velocity of movements in certain market averages and indices, prices for securities or other investment products, and economic indicators, we seek to identify short, intermediate, and longer-term market trends or cycles, and recurring patterns of market movements, to assist us in determining when to enter or leave a market. Technical analysis provides indications of market direction and potential turning points but is an imprecise tool that can result in inaccurate buy or sell signals that do not coincide with actual market turns. Technical analysis does not consider the underlying financial condition of a company. As such, technical analysis carries the risk of generating a buy signal based on market trends for stock in a company that is poorly managed or financially unsound and that may underperform regardless of overall market movement.

#### **Modern Portfolio Theory and Asset Allocation**

MCAS utilizes modern portfolio theory (MPT) to develop asset allocation recommendations for clients. MPT is a quantitative asset allocation methodology used in balancing expected risk and return in a portfolio. Asset allocation focuses primarily on identifying an appropriate ratio of investments in equity securities (e.g., stocks), fixed income securities (e.g., corporate bonds), cash, and other types of investments consistent with the client's investment goals and risk tolerance. MPT emphasizes portfolio diversity with a long-term investment perspective and is firmly rooted in the belief that markets are fairly efficient and that investors' gross returns are determined largely by asset allocation decisions for deriving an optimal set of risk-return combinations among individual portfolio assets.

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 market movements and, if not corrected, the portfolio will no longer be appropriate for the client's goals. Also, MPT requires assessment of three critical "inputs" of portfolio assets: (i) expected returns; (ii) expected risk; and (iii) an expected correlation matrix for each position. There can be no assurance that MCAS will be successful in accurately forecasting the required inputs or that an optimal risk- return asset allocation

combination will be achieved. Similarly, there is no assurance that MPT (or any other investment methodology) will be profitable over any specific time period. While we generally subscribe to the MPT investment philosophy, occasionally we may find unexpected investment opportunities. In these circumstances, we may recommend the investment even though it deviates from our general strategy.

#### Third-Party Manager Analysis

Several programs offered through our portfolio management services utilize third-party managers to serve as sub-advisors. Mutual funds and ETFs are two products that we frequently recommend that are managed by third-parties. Accordingly, when we recommend programs and/or products that are managed by third-parties, we conduct an analysis into the third-party managers. We look at the experience and track record of the managers to determine if they have demonstrated the ability to invest successfully over periods of time and in different economic conditions. We monitor their investments to determine if they are continuing to follow their stated investment strategies. We also look at investments to determine appropriateness for the overall portfolio and to consider whether or not there is a significant overlap with the underlying investments held in other funds or accounts.

A risk of our method of analysis is that 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, we do not control and do not have complete information about the underlying securities owned by the mutual funds, ETFs, or third-party managers. Further, there is a risk we may not be aware that the managers of two or more of the mutual funds or ETFs may have invested in the same security, which would increase the risk to the client if that security were to fall in value. Additionally, there is a risk that a manager may deviate from the stated investment mandate or strategy, which could cause the investment to become less suitable for a client. Moreover, as we do not control the manager's daily business and compliance operations, we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

#### Portfolio Adjustments

Unless the client notifies us in writing to change the portfolio and allocation for their account, we will continue to manage the account according to the most recent written instructions of the client. Clients should inform us promptly of significant changes in their individual or family circumstances or financial situation, or in their investment goals or objectives, investment time horizon, tolerance for risk, or liquidity needs so that appropriate changes can be made in the portfolio and asset allocation for their account. Accounts will be "rebalanced" to their target allocations only to the extent specifically provided in Advisory Agreement for the particular program.

#### Caution Regarding Estimates

When we develop estimates or projections for a client, whether of estimated future income, expenses, inflation, tax liabilities, or other matters, we will rely on the information the client provides and on assumptions about certain key economic, financial, and tax matters. While we believe the assumptions will be reasonable at the time made, there is no assurance the assumptions will prove correct in the future. Our assumptions about governmental policies or tax rates, economic or market conditions, or other key matters may not be accurate within the time frames projected. Any errors in the information we receive or in the assumptions we use may result in significant differences between our projections and your actual experience.

#### Risks of Inaccurate or Biased Information

Our methods of analysis assume the accuracy of the information we analyze, such as ratings, financials, and research. While we are alert to indications that the data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

#### **Investment Strategies & Risks**

We use the following strategies, as appropriate, depending on the particular needs and objectives of the accounts for which we serve as portfolio manager:

#### Long-Term Investments

This strategy involves buying and holding a security for a year or longer, which may occur when we believe a security is currently undervalued or we seek exposure to a particular asset class over time, regardless of the current values. A long-term investment strategy carries the risk that the investments will not achieve the price targets our analysis suggests. The risks of this strategy will be influenced by the types of securities and issuers in which we invest. We may invest in securities of issuers with any size market capitalization.

A risk of a long-term purchase strategy is that by holding the security for the anticipated length of time, we may not take advantages of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, the security may decline in value before we make the decision to sell.

#### Short-Term Purchases

This strategy involves purchasing securities with the idea of selling them within a relatively short time to take advantage of conditions we believe will soon result in a favorable price swing. There is no assurance the securities will perform as expected. A short-term purchase strategy poses risks that the anticipated price swing may not materialize, leaving a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss. This strategy involves more frequent trading than a longer-term strategy and will result in increased broker-dealer and other transaction-related costs, as well as less favorable tax treatment of short-term gains.

#### Trading

Trading involves purchasing securities with the idea of selling them relatively quickly. We may use this strategy to take advantage of our predictions of brief price swings. A trading strategy creates the potential for sudden losses if the anticipated price swing does not materialize and could result in having a long-term investment in a security that was designed to be a short-term purchase, or the potential of a loss. We do not anticipate using a frequent trading strategy. However, in the event we recommend this strategy for a particular client, they should understand that higher rates of portfolio turnover would likely result in an increase in the account's broker-dealer costs. High portfolio turnover may also result in the realization of net capital gains, and any distributions derived from such gains may be ordinary income for federal tax purposes.

#### Market Timing

A market timing strategy attempts to minimize unfavorable performance in a falling market and to provide appreciation possibilities in a rising market by purchasing, selling, exchanging, redeeming, or otherwise investing and reinvesting a client's account based upon investment "signals" the portfolio manager determines from proprietary research, and in some cases, from signals provided by a third-party service. This strategy involves trading in and out of positions based on the signals and is not a "buy and hold" or long-term investment strategy (although there may be periods of months or longer that positions are held). The portfolio manager will generally follow the signals to trade the client's account, but may, in its discretion, reject, delay implementation, or modify, in whole or in part, actions suggested by a signal and may engage in other transactions for the account, as the portfolio manager deems appropriate in an effort to achieve the account's objective. There is no set minimum or maximum number of positions which will be held in an account or specific frequency according to which account positions will be traded through this strategy.

#### Margin Transactions

Occasionally, we may use a margin account offered by the custodian to borrow sufficient funds to purchase a security for your account. This typically happens if sufficient cash is not available in the account to purchase the security and it is not advantageous to sell other investments. The use of margin carries risks that you should understand. We do not expect to use significant amounts of margin or other leverage in our strategies. However, certain types of transactions may or must be executed through a "margin



account” (e.g., short sales). In volatile markets, security prices can fall very quickly. If the net value of your account (less the amount you owe the broker-dealer) falls below a certain level, the broker-dealer will issue a “margin call” and you will be required to sell the security (and other positions) or add more cash to the account. You could lose more money than you originally invested. Additionally, you must pay interest on the margin balance you owe to the broker-dealer until it is repaid in full. The amount of margin interest will diminish your profits and, in some cases, could cause net losses in your account.

#### Option Transactions

There are several types of option transactions that we may recommend in particular circumstances, including puts and/or calls. However, we do not expect frequent option transactions. We may recommend certain clients sell “covered call” options to earn extra income. In these transactions, a third-party buyer pays you a “premium” for your promise to sell a specific security to the third party at a fixed “exercise” price no later than a certain “expiration date.” If the market price of the security on the expiration date is less than the exercise price, the third party will not exercise the option and it will expire. In that case, you would realize a profit equal to the premium you received, less transaction costs. However, if the security price is above the exercise price, you will be required to sell the security at the agreed price, even though the market price may be far higher. We may recommend certain clients sell cash “covered puts.” When “selling to open” a put, the client opens a short position on an option transaction, which generates income from the receipt of the premium paid by the third-party buyer on the opposite side of the transaction. In this type of transaction, the client will be contractually obligated to purchase the security at the agreed-upon exercise price if the buyer decides to exercise the option. If the market price of the security on the expiration date is less than the exercise price, then the buyer will likely exercise the option. In that situation, you would realize a loss, equal to the difference between the market price and the exercise price of the security, minus the premium received. If the market price of the security is higher than the exercise price on the expiration date, the option will expire, and the client will realize the income received from the premium.

#### Short Sales

A short sale is a securities transaction in which an investor sells securities he or she borrowed in anticipation of a price decline. The investor is then required to return an equal number of shares at some point in the future. A short seller will profit if the stock goes down in price, but if the price of the shares increase, the potential losses are unlimited.

#### **Other Risks**

**Investing in securities involves risk of loss that clients should be prepared to bear.** Clients should fully understand the nature of the contractual relationship(s) into which they are entering and the extent of their exposure to risk. Certain investing strategies may not be suitable for everyone. You should carefully consider whether the strategies employed would be appropriate for you in light of your experience, objectives, financial resources, and other relevant circumstances.

#### General Investment Risk

All investments come with the risk of loss. Investing may involve substantial risks, including complete possible loss of principal plus other losses and may not be suitable for everyone. Investments, unlike savings and checking accounts at a bank, are not insured by the government to protect against market losses. Different market instruments carry different types and degrees of risk and you should familiarize yourself with the risks involved in the particular market instruments in which you intend to invest.

#### Recommendation of Particular Types of Securities

As disclosed in Item 4, we provide advice on various types of securities and we do not necessarily recommend one particular type of security over another since each client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it.



#### Loss of Value

There can be no assurance that a specific investment will achieve its investment objectives and past performance should not be seen as a guide to future returns. The value of investments and the income derived may fall as well as rise and investors may not recoup the original amount invested. Investments may also be affected by any changes in exchange control regulation, tax laws, withholding taxes, international, political, and economic developments, and government, economic or monetary policies.

#### Risks Associated with Investing in Exchange Traded Funds (ETF)

Investing in stocks & ETF's carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Investments in these securities are not guaranteed or insured by the FDIC or any other government agency.

#### Management Risk

Your investment with our firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.

#### Risks Associated with Investing in Mutual Funds

Mutual funds are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities, or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. The returns on mutual funds can be reduced by the costs to manage the funds. In addition, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, other types of mutual funds do charge such fees which can also reduce returns.

#### Risk of Mutual Fund Policies Regarding Excessive Trading

Mutual fund companies and insurance companies that issue variable products often maintain policies prohibiting excessive market timing or short-term trading in mutual funds or variable product subaccounts and prohibit excessive transactions for the purpose of market timing. Excessive trading into and out of a fund or subaccount can disrupt portfolio management strategies, harm fund or subaccount performance by forcing the fund or subaccount to hold excess cash or to liquidate certain portfolio securities prematurely and increase expenses for all investors, including long-term investors who do not generate these costs. To limit the negative effects of excessive trading, many fund companies and insurance companies have adopted restrictions on account transactions. For example, policies may provide that if an account redeems (including exchanges) \$5,000 or more of a fund or subaccount, that account will be prevented (or "blocked") from purchasing (including exchanges) shares or units for 30 calendar days after the redemption. If a fund company or insurance company believes that any of MCAS's accounts has engaged in excessive trading, the fund company or insurance company may reject orders for all MCAS accounts and refuse to process purchase orders for any account we manage. A fund company or insurance company may also require liquidation of accounts that it believes engage in excessive trading or that are managed by an adviser or broker-dealer that engages in excessive trading in other accounts. Although MCAS believes that blocking will not occur frequently, if at all, there can be no assurance that an account will not be blocked or required to liquidate. There is a risk of economic losses if an account is blocked or required to liquidate.

#### Insolvency of Broker-Dealers and Others

Clients will be subject to the risk of failure of the broker-dealer firms that execute their trades, the clearing firms that such broker-dealers use, or the clearinghouses of which such clearing firms are members. Although we believe the institutions we recommend have sufficient capital, there is no assurance this will continue to be the case.

#### Trade Errors

On infrequent occasions, an error may be made in a client account. For example, a security may be erroneously purchased for a client account instead of sold. In these situations, if MCAS was responsible for such error, MCAS's policy is to restore or return the account to the position it would have been in had the trading error not occurred. Depending on the circumstances, various corrective steps may be taken, including but not limited to, canceling the trade, adjusting an allocation, or reimbursing the account.

#### Risk of Loss

Investing in securities involves risk of loss that clients should be prepared to bear. Securities are not guaranteed and you may lose money on your investments. We ask that you work with us to be sure we understand your willingness and financial ability to bear the risks of your current investments and the investments we recommend for your account.

#### Interest Rate Risk

Fixed income securities and funds that invest in bonds and other fixed income securities may fall in value if interest rates change. Generally, the prices of debt securities rise when interest rates fall, and their prices fall when interest rates rise. Longer-term debt securities are usually more sensitive to interest rate changes.

#### Credit Risk

Investments in bonds and other fixed income securities are subject to the risk that the issuer(s) may not make required interest payments. An issuer suffering an adverse change in its financial condition could lower the credit quality of a security, leading to greater price volatility of the security. A lowering of the credit rating of a security may also offset the security's liquidity, making it more difficult to sell. Funds investing in lower quality debt securities are more susceptible to these problems and their value may be more volatile.

#### Foreign Exchange Risk

Foreign investments may be affected favorably or unfavorably by exchange control regulations or changes in the exchange rates. Changes in currency exchange rates may influence the share value, the dividends or interest earned and the gains and losses realized. Exchange rates between currencies are determined by supply and demand in the currency exchange markets, the international balance of payments, governmental intervention, speculation, and other economic and political conditions. If the currency in which a security is denominated appreciates against the US Dollar, the value of the security will increase. Conversely, a decline in the exchange rate of the currency would adversely affect the value of the security.

#### Risks Associated with Investing in Equities

Investments in equities generally refers to buying shares of stocks by an individual or firms in return for receiving a future payment of dividends and capital gains if the value of the stock increases. There is an innate risk involved when purchasing a stock that it may decrease in value and the investment may incur a loss.

#### Company Risk

When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.

#### Fixed Income Risk

When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk. In addition, pricing risk if not held to maturity and interest rate move.

#### Municipal Securities Risk

The value of municipal obligations can fluctuate over time, and may be affected by adverse political, legislative and tax changes, as well as by financial developments that affect the municipal issuers. Because many municipal obligations are issued to finance similar projects by municipalities (e.g., housing, healthcare, water and sewer projects, etc.), conditions in the sector related to the project can affect the overall municipal market. Payment of municipal obligations may depend on an issuer's general unrestricted revenues, revenue generated by a specific project, the operator of the project, or government appropriation or aid. There is a greater risk if investors can look only to the revenue generated by the project. In addition, municipal bonds generally are traded in the "over-the-counter" market among dealers and other large institutional investors. From time to time, liquidity in the municipal bond market (the ability to buy and sell bonds readily) may be reduced in response to overall economic conditions and credit tightening.

#### Alternatives Investment Risk

Non-traded REITs, business development companies, limited partnerships, and direct alternatives are subject to various risks such as liquidity and property devaluation based on adverse economic and real estate market conditions and may not be suitable for all investors. A prospectus that discloses all risks, fees, and expenses may be obtained from your advisor. Read the prospectus carefully before investing. This is not a solicitation or offering which can only be made in conjunction with a copy of the prospectus. Investors considering an investment strategy utilizing alternative investments should understand that alternative investments are generally considered speculative in nature and may involve a high degree of risk, particularly if concentrating investments in one or few alternative investments.

#### Foreign Securities Risk

Foreign securities are subject to additional risks not typically associated with investments in domestic securities. These risks may include, among others, currency risk, country risks (political, diplomatic, regional conflicts, terrorism, war, social and economic instability, currency devaluations and policies that have the effect of limiting or restricting foreign investment or the movement of assets), different trading practices, less government supervision, less publicly available information, limited trading markets and greater volatility. To the extent that underlying funds invest in issuers located in emerging markets, the risk may be heightened by political changes, changes in taxation, or currency controls that could adversely affect the values of these investments. Emerging markets have been more volatile than the markets of developed countries with more mature economies.

#### Environmental, Social, and Governance Investment Criteria Risk

If a portfolio is subject to certain environmental, social and governance (ESG) investment criteria it may avoid purchasing certain securities for ESG reasons when it is otherwise economically advantageous to purchase those securities, or may sell certain securities for ESG reasons when it is otherwise economically advantageous to hold those securities. In general, the application of the portfolio's ESG investment criteria may affect the portfolio's exposure to certain issuers, industries, sectors and geographic areas, which may affect the financial performance of the portfolio, positively or negatively, depending on whether these issuers, industries, sectors or geographic areas are in or out of favor. An adviser can vary materially from other advisers with respect to its methodology for constructing ESG portfolios or screens, including with respect to the factors and data that it collects and evaluates as part of its process. As a result, an adviser's ESG portfolio or screen may materially differ from or contradict the conclusions reached by other ESG advisers concerning the same issuers. Further, ESG criteria are dependent on data and are subject to the risk that such data reported by issuers or received from third-party sources may be subjective, or it may be objective in principle but not verified or reliable.

#### Risks Associated with Investing in Inverse and Leveraged Funds

Leveraged mutual funds and ETFs generally seek to deliver multiples of the daily performance of the index or benchmark that they track. Inverse mutual funds and ETFs generally seek to deliver the opposite of the daily performance of the index or benchmark that they track. Inverse funds often are marketed as a way for investors to profit from, or at least hedge their exposure to, downward-moving markets. Some Inverse funds are both inverse and leveraged, meaning that they seek a return that is a multiple of the

inverse performance of the underlying index. To accomplish their objectives, leveraged and inverse funds use a range of investment strategies, including swaps, futures contracts, and other derivative instruments. Leveraged, inverse, and leveraged inverse funds are more volatile and riskier than traditional funds due to their exposure to leverage and derivatives, particularly total return swaps and futures. At times, we will recommend leveraged and/or inversed funds, which may amplify gains and losses. Most leveraged funds are typically designed to achieve their desired exposure on a daily (in a few cases, monthly) basis, and reset their leverage daily. A "single day" is measured from the time the leveraged fund calculates its net asset value ("NAV") to the time of the leveraged fund's next NAV calculation. The return of the leveraged fund for periods longer than a single day will be the result of each day's returns compounded over the period. Due to the effect of this mathematical compounding, their performance over longer periods of time can differ significantly from the performance (or inverse performance) of their underlying index or benchmark during the same period of time. For periods longer than a single day, the leveraged fund will lose money when the level of the Index is flat, and the leveraged fund may lose money even if the level of the Index rises. Longer holding periods, higher index volatility, and greater leverage all exacerbate the impact of compounding on an investor's returns. During periods of higher Index volatility, the volatility of the Index may affect the leveraged fund's return as much as or more than the return of the Index itself. Therefore, holding leveraged, inverse, and leveraged inverse funds for longer periods of time increases their risk due to the effects of compounding and the inherent difficulty in market timing. Leveraged funds are riskier than similarly benchmarked funds that do not use leverage. Non-traditional funds are highly volatile and not suitable for all investors. They provide the potential for significant losses.

#### Risks Associated with Investing in Buffer ETFs

Buffer ETFs are also known as defined-outcome ETFs since the ETF is designed to offer downside protection for a specified period of time. These ETFs are modeled after options-based structured notes, but are generally cheaper, and offer more liquidity. Buffer ETFs are designed to safeguard against market downturns by employing complex options strategies. Buffer ETFs typically charge higher management fees that are considerably more than the index funds whose performance they attempt to track. Additionally, because buffer funds own options, they do not receive dividends from their equity holdings. Both factors result in the underperformance of the Buffer ETF compared to the index they attempt to track. Clients should carefully read the prospectus for a buffer ETF to fully understand the cost structures, risks, and features of these complex products.

#### Structured Notes:

- **Complexity:** Structured notes are complex financial instruments. Clients should understand the reference asset(s) or index(es) and determine how the note's payoff structure incorporates such reference asset(s) or index(es) in calculating the note's performance. This payoff calculation may include leverage multiplied by the performance of the reference asset or index, protection from losses should the reference asset or index produce negative returns, and/or fees. Structured notes may have complicated payoff structures that can make it difficult for clients to accurately assess their value, risk and potential for growth through the term of the structured note. Determining the performance of each note can be complex and this calculation can vary significantly from note to note depending on the structure. Notes can be structured in a wide variety of ways. Payoff structures can be leveraged, inverse, or inverse-leveraged, which may result in larger returns or losses. Clients should carefully read the prospectus for a structured note to fully understand how the payoff on a note will be calculated and discuss these issues with our firm.
- **Market risk:** Some structured notes provide for the repayment of principal at maturity, which is often referred to as "principal protection." This principal protection is subject to the credit risk of the issuing financial institution. Many structured notes do not offer this feature. For structured notes that do not offer principal protection, the performance of the linked asset or index may cause clients to lose some, or all, of their principal. Depending on the nature of the linked asset or index, the market risk of the structured note may include changes in equity or commodity prices, changes in interest rates or foreign exchange rates, and/or market volatility.
- **Issuance price and note value:** The price of a structured note at issuance will likely be higher than the fair value of the structured note on the date of issuance. Issuers now generally disclose an estimated value of the structured note on the cover page of the offering prospectus, allowing investors to gauge the difference between the issuer's estimated value of

the note and the issuance price. The estimated value of the notes is likely lower than the issuance price of the note to investors because issuers include the costs for selling, structuring, and/or hedging the exposure on the note in the initial price of their notes. After issuance, structured notes may not be re-sold on a daily basis and thus may be difficult to value given their complexity.

- **Liquidity:** The ability to trade or sell structured notes in a secondary market is often very limited, as structured notes (other than exchange-traded notes known as ETNs) are not listed for trading on securities exchanges. As a result, the only potential buyer for a structured note may be the issuing financial institution's broker-dealer affiliate or the broker-dealer distributor of the structured note. In addition, issuers often specifically disclaim their intention to repurchase or make markets in the notes they issue. Clients should, therefore, be prepared to hold a structured note to its maturity date or risk selling the note at a discount to its value at the time of sale.
- **Credit risk:** Structured notes are unsecured debt obligations of the issuer, meaning that the issuer is obligated to make payments on the notes as promised. These promises, including any principal protection, are only as good as the financial health of the structured note issuer. If the structured note issuer defaults on these obligations, investors may lose some, or all, of the principal amount they invested in the structured notes as well as any other payments that may be due on the structured notes.

#### Disciplinary Information - Item 9

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events for the past ten years that would be material to your evaluation of us or of the integrity of our management.

**Cease & Desist**

Regulator: Ohio Division of Securities

Date: July 27, 2017

Payment: \$0

MCCC voluntarily entered into a consent agreement with the Ohio Division of Securities. The Firm agreed to offer rescission/restitution to Ohio investors identified as having been sold REITs in excess of Ohio's 10% liquid net worth concentration limit. No affected clients have opted to have their trades rescinded.

Information regarding the disciplinary history of MCAS can be found online at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The firm's CRD number is 12963.

#### Other Financial Industry Activities or Affiliations - Item 10

As Money Concepts Capital Corp., we are registered with the SEC and all 50 states and the District of Columbia as a broker-dealer, and we are a member of FINRA. MCCC's primary business activity is the sale of securities and other broker-dealer products and services. It is expected that MCAS and its executive officers will spend more than 50% of their time on MCCC's broker-dealer business and less than 50% of their time on matters relating to MCAS' investment advisory services.

MCCC has entered into a fully disclosed introducing broker agreement with Pershing LLC ("Pershing") whereby Pershing will execute and clear transactions for accounts introduced by MCCC. Accordingly, MCCC acts as introducing broker for all securities transactions executed in all client accounts custodied by Pershing and receives commission-based compensation on each such transaction as a result. This compensation is separate from and in addition to the advisory fees it receives for the portfolio management of such

client accounts. Certain of our advisory personnel, including many of our IARs, are also Registered Representatives of MCCC. If your account is custodied at Pershing and your IAR is a Registered Representative, they will receive a portion of the commission-based compensation we receive for transactions in your account. Our receipt and sharing of commission-based compensation for securities transactions executed in accounts custodied at Pershing presents a conflict of interest, as we have an incentive to effect securities transactions in your account(s) for the purpose of generating commissions rather than solely based on your needs.

MCCC also receives other economic benefits from Pershing. We receive a share of interest on money market and/or margin account balances, which are based on the number and size of accounts and balances custodied at Pershing. We also receive distribution payments pursuant to Rule 12b-1 from the money market accounts in which account cash is invested. Such compensation or payments are not credited against, and will not reduce, the portfolio management fees or other amounts a client owes to us. Consequently, the possibility of this compensation creates an incentive for MCAS to make decisions for the account custodied at Pershing which would have the effect of increasing this compensation.

We do not have introducing broker agreements with any other broker-dealer; therefore, we do not receive any commission-based compensation for securities transactions in accounts custodied at a broker-dealer other than Pershing.

MCAS is a subsidiary of World Investment Network, which also owns other SEC-registered investment advisers (WIN Advisors, Inc. and GWN Securities, Inc.) and broker-dealers (GWN Securities, Inc. and Abacus Investments, Inc.) WIN Advisors, Inc. acts as a sub-adviser to MCAS; MCAS therefore has an incentive to recommend programs utilizing WIN Advisors, Inc. as sub-adviser. This creates a conflict of interest; however, clients are not required to work with any particular sub-adviser and may decline to participate in any program recommended by MCAS. There are no arrangements with GWN Securities, Inc. or Abacus Investments, Inc.

Some of our associated persons, including many of our IARs, are licensed insurance agents for Money Concepts International ("MCI"), an insurance agency, and are appointed with various national insurance companies. MCI is licensed as an insurance agency in each of the states in which it offers insurance and insurance-related products and services.

Our associated persons who are licensed insurance agents are able to recommend and sell life, variable annuity and variable life insurance products. These products may be recommended and sold to MCAS's advisory clients. If a client purchases an insurance product, MCI and their representative will receive separate, but typical compensation.

MCAS may enter into referral arrangements with various third-party investment advisers whose services may be recommended to clients. In these arrangements, if a client engages the third-party investment adviser, MCAS will receive a portion of the advisory fees the client pays for the services of such third-party adviser. The referral fees we receive for making referrals to these investment advisers provides an economic incentive for us to make the referrals. Consequently, we have a conflict of interest. We address this conflict by complying with the requirements under SEC Rule 206(4)-3 by: providing a written disclosure statement disclosing the terms of the referral arrangement between our Firm and the investment adviser, providing a copy of the third-party adviser's disclosure brochure, and obtaining from the person referred a signed receipt for such documents.

Our IARs may be eligible to participate in product-sponsored educational meetings/conferences (non-cash compensation programs, including travel awards). Product sponsors periodically reimburse certain IARs for the cost of client appreciation dinners, seminars, or other events. The possibility of this additional compensation or sponsor reimbursements may create a conflict of interest.

Clients should also be aware that our IARs are permitted to offer dinners or other events to certain clients, including clients who refer other clients (so-called "Client Referral Clubs"). Consequently, clients who are referred to an IAR by an existing client should consider whether the referral was based on the existing client's desire to participate in a Client Referral Club.

Some additional compensation payments are paid to MCCC out of the revenues of the sponsoring investment company or insurance company and are NOT paid out of fund assets. Certain insurance companies or entities through which MCCC places insurance business pay compensation that is based in part on factors such as total deposits, assets or premium volume and persistency or profitability of the business sold by MCCC's associated persons. The cost of this compensation may be directly or indirectly reflected in the premium or fee for the product. Because additional compensation received by MCCC benefits MCCC and/or its associated persons financially, it is deemed a potential financial conflict of interest when working with our clients.

Clients should be aware that the receipt of economic benefits by the Firm, its management persons, employees, IARs, and other associated persons creates a conflict of interest that may impair the objectivity of the Firm and these individuals when making recommendations to clients. We endeavor at all times to put the interest of our clients first as part of our fiduciary duty as an investment adviser. We take the following steps to address this conflict:

- We disclose the existence of all material conflicts of interest, including the potential for our Firm and our associated persons to earn sales compensation from advisory clients in addition to our advisory fees;
- We disclose to clients that they are not obligated to purchase any recommended securities or insurance products or services from MCCC or our IARs or Registered Representatives;
- We collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives, and risk tolerance;
- Our management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable for the client's needs and circumstances;
- We require that our employees seek prior approval of any outside business activity so that we may ensure that any conflicts of interest in such activities are properly addressed;
- We periodically monitor these outside business activities to verify that any conflicts of interest continue to be properly addressed by us; and
- We educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

#### Recommendation of Other Advisors

We may recommend that you use a third-party investment adviser or program. In some cases, we will share in the compensation received by the third-party investment adviser. As such, we are incentivized to recommend investment advisers from whom we receive solicitor/referral fees as opposed to other investment advisers from whom we do not receive such fees. We conduct ongoing due diligence on investment advisers we recommend. In the event that a recommended investment adviser is not meeting the standards that we believe meet your needs, we will seek other investment advisers that we believe will better fit your specific management needs.

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

#### **Description of Our Code of Ethics**

MCAS has adopted a Code of Ethics (the "Code") expressing the firm's commitment to ethical conduct. Our Code describes the Firm's fiduciary duties and responsibilities to our clients and sets forth our practice of supervising the personal securities transactions of supervised persons with access to information regarding client recommendations or transactions.

A copy of our Code is available to our clients and prospective clients. You may request a copy of our Code by email sent to [compliance@moneyconcepts.com](mailto:compliance@moneyconcepts.com) or by calling us at (561) 472-2000.

We owe a duty of loyalty, fairness, and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code but also to the general principles that guide the Code.



Our Code includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the Firm's access persons. Among other things, our Code also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our Code also provides for oversight, enforcement, and recordkeeping provisions.

Our Chief Compliance Officer may grant exceptions to certain provisions contained in the Code where the interests of our clients will not be adversely affected or compromised. Doubts arising in connection with personal securities trading should be resolved in favor of the client even at the personal expense of our associated persons.

Our Code further includes the Firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

MCAS or any of its principals, officers, affiliates, employees and other associated persons may act as investment adviser for others, may manage funds or capital for others, may have, make and maintain investments in its or their own names, or may serve as an officer, director, consultant, or stockholder of one or more investment partnership's or other businesses, subject to compliance with MCAS's Code of Ethics and other written procedures. In doing so, MCAS or such persons may give advice, take action, and refrain from taking action, any of which may differ from advice given, action taken or not, or the timing of any action, for any particular client.

Nothing in this brochure or otherwise shall impose upon MCAS or any associated person any obligation to purchase or sell, or to recommend for purchase or sale, for any accounts any security which MCAS or any principal, officer, employee or Representative purchases or sells for his own account or for the accounts of other clients, unless not to engage in such activity would violate MCAS's fiduciary duty.

#### **Recommendations Involving our Financial Interests**

MCAS may effect principal transactions with clients in the over-the-counter market on a "net" basis where the price to the customer includes a mark-up/mark-down to the Firm, and without any commission charges. However, service charges (e.g., ticket charges) may be charged to cover costs associated with clearance, settlement, and confirmation services. We will comply with Section 206(3) of the Investment Advisers Act of 1940 and provide appropriate disclosures and obtain client consent when effecting principal transactions with advisory clients.

As disclosed in Items 5 and 10, we and/or our associated persons receive compensation for sales of securities and/or insurance products. When we sell securities or insurance products to advisory clients (such as mutual funds and variable annuities) and when we serve as a broker-dealer in typical broker-dealer transactions on exchanges or over-the-counter for advisory clients, we will receive sales charges, commissions, and other forms of compensation, such as service and distribution fees payable by mutual fund companies pursuant to SEC Rule 12b-1, recordkeeping fees, and transfer and sub-transfer agent fees. Our compensation will vary according to the size and nature of the transactions and the account for which they are effected.

Generally, the commission rates are negotiable on broker-dealer transactions and are fixed for investment company transactions per the dealer agreement, and, therefore, different rates may apply.

#### **Investments in Securities We Recommend to Clients**

Individuals associated with MCAS may buy or sell securities for their personal accounts identical to or different from those recommended to clients. It is the policy of MCAS that no person employed by MCAS shall prefer his or her own interest to that of an advisory client or make personal investment decisions based on the investment decisions of clients.

#### **Investments around Same Time as Client Transactions**

MCAS and its associated persons may not purchase or sell a security immediately prior to transactions in the same security for client accounts, or participate in block trades with clients, without pre-clearance from the Chief Compliance Officer or qualified designee; provided, pre-clearance is not required and associated persons may participate with clients in block trades effected by third-party managers in a managed account program. In granting pre-clearance, the Chief Compliance Officer or designee may consider



whether the security trades in sufficiently broad markets to permit transactions by an associated person to be completed without an appreciable impact on the market for the security. Trades involving government securities or shares of open-end mutual funds do not require pre-clearance.

We have adopted the following procedures to address the potential conflicts of interest from our policies described above:

- MCAS emphasizes the unrestricted right of the client to specify investment objectives, guidelines, and/or conditions on the overall management of their account.
- Associated persons or their immediate family members shall not buy or sell securities for their personal portfolio(s) where their decision is derived in whole or in part by reason of the associated person's affiliation with MCAS, unless the information is also available to the investing public on reasonable inquiry.
- No associated person of MCAS shall prefer his or her own interest to that of an advisory client in any transaction.
- MCAS and its access persons may not participate in private placements or initial public offerings without pre-clearance from the Chief Compliance Officer of MCAS.
- MCAS requires that all individuals act in accordance with applicable federal and state regulations governing registered investment advisory practices.
- Records will be maintained of all securities bought or sold by MCAS and its access persons. A qualified representative of MCAS will review these records on a regular basis.
- Any individual not in observance of the above may be subject to termination.

#### **Confidentiality of Client Information**

Protecting the confidentiality of our clients' nonpublic information is paramount for MCAS. As such, the Firm has instituted policies and procedures to ensure that nonpublic client information is kept confidential. MCAS does not disclose any nonpublic personal information about its clients or former clients to any nonaffiliated third parties except as provided in this brochure, in its notice of privacy policies, or as required by or permitted by law. In the course of servicing a client's account, MCAS may share some information with its service providers, transfer agents, custodians, broker-dealers, accountants, and attorneys. MCAS restricts internal access to nonpublic personal information about the client to our associated persons who need access to such information in order to provide products or services to that client. MCAS also maintains physical, electronic, and procedural safeguards to protect our clients' information.

MCAS and our associated persons may share among themselves information regarding clients, accounts, and account activity, and each has agreed to keep such information confidential, to be used only to provide services for the account or to meet regulatory or supervisory requirements. Under certain circumstances, former IARs and Registered Representatives may be permitted to retain copies of nonpublic customer information after they cease to be associated with MCAS.

A copy of the Firm's Notice of Privacy Policies will be provided to each client at the beginning of our relationship. Thereafter, MCAS will deliver annually to its clients the Firm's current notice of privacy policies.

### **Brokerage Practices - Item 12**

#### **Brokerage Recommendations**

MCAS recommends the use of MCCC and Pershing for brokerage and custody. Our recommendation of Pershing is influenced, in part, by our economic interests. MCCC has an introducing broker arrangement with Pershing, a clearing broker and custodian, and receives a portion of Pershing's brokerage fees as a result. For certain transactions, including those directly done with a mutual fund company or insurance company issuing a variable product, the use of a clearing firm is not necessary, allowing MCCC to act alone on the transaction without Pershing. When MCCC acts as broker-dealer on a transaction in a client's account, MCCC and the Registered Representative involved in the transaction will receive commissions and other compensation (including 12b-1 fees, as

described in Item 5) as a result of the transaction. The possibility of such compensation creates an economic incentive (and conflict of interest) for the Registered Representative and MCAS. Our recommendation of Pershing is affected by our financial interests in seeking to increase our broker-dealer business by increasing the number of transactions Pershing processes as our clearing firm and increasing the value of our clients' assets custodied in accounts at Pershing. We also receive other payments and credits from Pershing based on a percentage of the interest paid by clients on margin account balances, a percentage of interest earned on customer "free credit balances," a percentage of the interest earned on sweep account balances maintained by Pershing or its affiliates, and a percentage of IRA account fees. These payments or credits to us from Pershing will grow as the amount of assets maintained in our clients' Pershing accounts increases.

As an investment adviser, we have a significant interest in encouraging clients to open and maintain accounts with Pershing. We also receive the following services from Pershing at no charge as long as at least \$15 million of our clients' assets are custodied in accounts at Pershing:

- Access to institutional trading desks;
- Duplicate client confirmations and bundled duplicate statements;
- Ability to have investment advisory fees deducted directly from client accounts;
- Access to an electronic communications network for client account information;
- Receipt of compliance publications;
- Access to mutual funds otherwise available for significantly higher minimum initial investments or only to institutional investors; and
- Access to educational events or occasional business entertainment of our personnel.

We rely on Pershing's systems that provide access to client account information and records, including duplicate and batched client statements, confirmations, and year-end summaries; pricing information and other market data; and recordkeeping and client reporting assistance. Many of these services may be used to service all of our accounts, including accounts not maintained with Pershing.

The existence of these products and services from Pershing influences our recommendation of Pershing to clients and creates a significant conflict of interest that clients should consider when evaluating whether to accept our recommendation of MCCC's and/or Pershing's services. We offer no assurance that the costs clients will incur by using MCAS as investment adviser and MCCC and Pershing as broker-dealers will be as low as the costs charged by other firms for similar services; it is likely that lower costs are available for similar services from other broker-dealers or custodians. Because of the incentive we have to recommend Pershing, we have adopted policies and procedures to monitor and mitigate this conflict by periodically analyzing the Pershing programs we recommend for our clients, evaluating the usefulness of the services received in relation to the costs of such services, and assessing the overall quality of the services.

MCAS also recommends the use of Schwab for brokerage, including custody. MCCC does not have an introducing broker arrangement with Schwab and does not receive any brokerage compensation for transactions executed in client accounts custodied at Schwab.

Clients are under no obligation to buy any security or insurance product recommended in any financial plan or consulting service. If the client elects to implement any such recommendation, the client is under no obligation to purchase the product through MCAS/MCCC or their IAR/Registered Representative or any other broker-dealer that we may recommend; they may purchase such product through any licensed agent or financial services firm of their choosing.

Some of the programs offered in our portfolio management services are only available to accounts custodied at one or more of the broker-dealers that we recommend. For other programs, we have the capability of working with other custodians upon the client's request.

In recommending broker-dealers, we consider the full range and quality of the broker-dealer's services, including, among other things, execution capability, cost, financial responsibility, responsiveness, and the value of research and other services provided. MCAS will not recommend a broker-dealer solely on the basis of the lowest possible commission cost, but rather, will determine whether the broker-dealer has the ability to provide the best qualitative execution. The reasonableness of a broker-dealer's compensation is based on the broker-dealer's ability to provide professional services, competitive commission rates, research, and other services which will help us in providing investment services to clients. Consequently, we may recommend a broker-dealer that provides useful research and brokerage services, even though a lower commission may be charged by a different broker-dealer.

As a fiduciary, we recognize our duty to seek best execution. We regularly evaluate all broker-dealers recommended and utilized. In doing so, we consider all of the products, services, and benefits that we and our clients receive as well as the cost and quality of the custodial or brokerage services a broker provides. We continue to believe that the recommendation of MCCC, Pershing, and Schwab is consistent with our fiduciary responsibilities.

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

We do not have any soft dollar arrangements with any broker-dealer. Through our relationships with broker-dealers, we may receive research or other services at no charge, but it is not contingent upon us committing any specific amount of business to the providing broker-dealer. We do not use client brokerage commissions paid to the broker-dealer for the purposes of obtaining research or other services.

Nonetheless, a conflict exists between the interests of our clients in receiving best execution (and lower transaction costs) and our interest in receiving research and/or other services and recommending the broker-dealers who provide us with such research and services. We do not attempt to put a dollar value on the services received by each account, nor do we attempt to allocate or use the services received for the benefit of specific accounts or attempt to use any particular item to service all accounts. We will use the services we receive to assist in managing accounts not maintained with the broker-dealer whose commissions were used to pay for such services. The services and support we receive from broker-dealers are used to help our firm to fulfill its overall client obligations.

To address this conflict of interest, we have adopted the following policies and procedures to monitor and mitigate this conflict:

- When conducting a best execution review and/or otherwise reviewing the broker-dealers, we consider the transaction costs (including commissions or spreads, market impact costs, and opportunity costs), as well as the full range and quality of the broker-dealer and related services the broker-dealer provides. We consider the speed, certainty, consistency and accuracy of execution, responsiveness to our inquiries and requests, willingness and speed in resolving errors or other discrepancies, access to financial products and markets, and research, analyses, and various electronic products and services provided by the broker-dealer.
- We periodically evaluate the usefulness of the services the broker-dealer provides in relation to transaction costs.
- We perform regular internal qualitative reviews of each broker-dealer's services.

MCAS will continue to review periodically its determination that the costs and quality of services from the broker-dealers we recommend are reasonable in relation to the value of the services provided, viewed in terms of the overall relationship.

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

We do not receive client referrals from broker-dealers, and we do not receive other benefits from a broker-dealer in exchange for client referrals.

#### **Directed Brokerage**

Depending on the program selected, clients for whom we provide portfolio management services may be required to direct us to execute transactions through a specified broker-dealer. In most instances, that broker-dealer will be MCCC and/or Pershing. Transactions directed to us as introducing broker-dealer are also directed to Pershing as our clearing broker. Not all investment advisers require their clients to direct the use of a particular broker.

When clients direct brokerage, we may not be able to achieve most favorable execution of client transactions. Certain cost-reducing measures, such as volume discounts or aggregate trading, may not be available, and we may receive less favorable pricing. As a result, directing brokerage may cost clients more money.

#### **Trade Aggregation/Block Trading**

For accounts for which we serve as discretionary portfolio manager, we have the authority, but not the obligation, to combine or aggregate orders for multiple accounts into combined "block" trades we place with a clearing or other executing broker-dealer. Block trading offers the potential for better prices, reduced transaction costs, and timelier execution of orders for the accounts included in the block. Block orders would typically be executed through an "average price account" or similar account such that transactions for all accounts participating in the order will be averaged as to price and transaction costs, and the securities purchased or net proceeds received will be allocated pro rata among the accounts in proportion to their respective orders placed that trading day. Clients should be aware that these advantages are not typically available for orders for mutual funds and subaccounts of variable products due to their characteristic of daily pricing at NAV, and the ticket cost policies of any clearing firm through which the orders are placed; accordingly, orders for these types of securities are not typically aggregated.

Clients should be aware that due to the types of investments in our client accounts (particularly, mutual funds priced daily at NAV), and differences in account objectives, cash positions, account types, and the systems we have available for placing orders, among other factors, block orders may be uncommon for some or all accounts. Accounts whose orders are not aggregated with other orders of other accounts will not receive the benefits of potentially lower transaction costs (if any), or timelier or better execution that might be obtained by accounts whose orders are aggregated.

### **Review of Accounts - Item 13**

#### **Account Reviews**

Accounts that participate in portfolio management programs for which we serve as discretionary portfolio manager are subject to continuous review by the IAR. These accounts are reviewed at least quarterly by the IAR and periodically by a principal to evaluate consistency of the portfolio with current account investment objectives, and target asset allocation and weighting.

More frequent reviews can be triggered by significant market or economic factors, or changes in the client's financial situation, large withdrawals or significant deposits, or changes in account objectives, liquidity needs, or risk tolerance.

For investment management accounts for which MCAS does not serve as discretionary portfolio manager, the IAR will review the account on a quarterly basis to determine whether the portfolio is consistent with account objectives and target allocations.

For Financial Planning and Consulting clients, the IAR and the client will engage in meetings, telephone conversations, and other communications to discuss and review the various topics to be addressed while the financial plan is being developed or the consulting project is being performed, and upon delivery of the written financial plan or our verbal consulting advice. We will not provide any subsequent monitoring, advice, or updates unless specifically agreed in a written Financial Planning or Consulting Agreement.

#### **Client Reports**

All portfolio management clients receive statements from the broker-dealers maintaining their accounts. In addition, clients with accounts held through Pershing and managed by BNY Mellon Advisors, Inc. will receive an additional quarterly account performance reports. Clients with accounts held at Schwab will have access to additional quarterly account performance reports generated by a third-party service provider on our behalf via an online portal. We do not otherwise provide reports for managed accounts.

Financial Planning clients will receive a completed financial plan. Additional reports will not be provided unless otherwise agreed in the Financial Planning Agreement. Consulting Services clients will not receive any written reports unless specifically provided in their Consulting Agreement.

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

#### **Recruitment Incentives**

In some cases, we have established forgivable and repayable loans (the "Forgivable Loan") with certain of our associated persons who are also licensed as registered representatives. This constitutes an additional economic benefit. The terms of the Forgivable Loan require these associated persons to commit a certain amount of brokerage or advisory business and/or to remain affiliated with us for a specified period of time in order to qualify for loan forgiveness. The receipt of the Forgivable Loan therefore presents a conflict of interest because these associated persons are incentivized to recommend that clients utilize us for advisory or brokerage services due to their ongoing affiliation, rather than basing recommendations on a client's particular needs. Clients are therefore reminded that they are under no obligation to hire us for investment advisory services or to purchase securities products through us.

#### **Sale of Insurance Products**

Associated persons who are also licensed as insurance agents will sell insurance products to you for commissions in their capacity as insurance agents. This practice presents a conflict of interest because it gives us and our associated persons an incentive to recommend investment products based on the compensation received, rather than on your needs. You are under no obligation to implement recommendations through your Associated Persons and are free to choose any insurance company you wish to implement the recommendations.

#### **Arrangements with Third Parties for Economic Benefits to the Firm**

*Please refer to Item 12 for further information about the products, services, and economic benefits we receive from broker-dealers.*

We are required to disclose if we have any arrangements to solicit or refer clients to third party advisers for compensation. MCCC has entered into solicitation agreements with various third-party investment advisers whose services may be referred to clients. In these arrangements, if a client engages the third-party investment adviser, MCAS will receive a referral fee. Referral fees are typically a portion of the advisory fee paid to the investment adviser for the advisory services. The referral fees we receive for making referrals to these investment advisers may provide an economic incentive for us to make the referrals. Consequently, we have a conflict of interest.

We address this conflict by complying with the requirements under SEC Rule 206(4)-3 by providing a written disclosure statement disclosing the terms of the referral arrangement between our firm and the investment adviser, providing a copy of the third-party adviser's disclosure brochure, and obtaining from the person referred a signed receipt for such documents.

#### **Economic Benefits from Vendors and Product Sponsors**

Our firm and our associated persons receive additional compensation from product sponsors and vendors. Compensation could include such items as gifts valued at less than \$1,000 annually; an occasional dinner or ticket to a sporting event; reimbursement in connection with educational meetings with an associated person, client workshops, or events; or marketing events or advertising initiatives, including services for identifying prospective clients. Product sponsors may also pay for or reimburse us for the costs

associated with attending various education or training events, as well as conferences and events sponsored by us and/or our associated persons. These additional compensation arrangements create a conflict of interest. The firm addresses this conflict by acting in the client's best interest at all times.

#### **Arrangements to Compensate Third Parties for Client Referrals**

MCCC has entered into solicitation agreements with various financial institutions, pursuant to which our representatives may solicit applications from, negotiate with, and sell or offer investment services and products to customers of the financial institutions. The investment services and products marketed to customers of the financial institutions shall be offered and sold exclusively by our representatives, who shall be licensed with the appropriate regulatory authorities pursuant to the applicable state and federal insurance and securities laws and regulations. The financial institutions will be compensated in connection with the sales of securities, insurance products, and advisory fees. The financial institutions may pay a referral fee to their employees under the guidelines of SEC Regulation R.

Individuals referring clients to MCAS have a financial interest in making referrals because they may receive up to ninety five percent (95%) of the program fees or other advisory fees paid by a client.

Non-employee (outside) consultants, individuals, and/or entities, who are directly responsible for bringing a client to MCAS receive compensation from the firm. Such arrangements will comply with the requirements set forth the Investment Advisers Act of 1940, including the requirement that the relationship between the promoter and the investment adviser be disclosed to the client at the time of referral. Under these arrangements, the client does not pay higher fees than MCAS' customary advisory fees.

As discussed in Item 10, some of our representatives host "Client Referral Clubs" where clients may participate in dinners or other events.

#### **SmartAsset**

MCAS receives client referrals from SmartAdvisor (a.k.a. SmartAsset), a third-party vendor. SmartAsset's parent company, Financial Insight Technology, Inc., provides free online tools to assist consumers in making financial decisions about home buying, refinance, retirement, life insurance, taxes, investing and personal loans through web-based online Tools. As part of the online Tools, SmartAsset provides an online tool that allows consumers interested in financial planning services to input their full name, email, and/or personal phone number in order to be connected with financial advisors for the purpose of receiving financial planning. SmartAsset uses commercially reasonable efforts to connect MCAS with potential client Leads in accordance with the terms and conditions in the vendor's agreement. MCAS pays SmartAsset a predetermined flat fee as set forth in the vendor's agreement; MCAS does not share any advisory fees with SmartAsset.

### **Custody - Item 15**

Clients will receive account statements directly from the custodian of their account(s) on at least a quarterly basis showing all transactions during the reporting period. Please review the custodian's account statements carefully.

The custodian's statements are separate from the additional quarterly reports for certain accounts and programs described in Item 13. To the extent any report refers to assets held by Pershing, we recommend that the client compare the report and the account statement. Discrepancies should be reported promptly to our Chief Compliance Officer by telephone at (561) 472-2000, or by email at [compliance@moneyconcepts.com](mailto:compliance@moneyconcepts.com).

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

We offer a variety of portfolio management services on a discretionary and non-discretionary basis, depending on the program selected. To participate in a program that is managed on a discretionary basis, the client is required to grant the portfolio manager full authority to manage the client's account on a discretionary basis, including the discretion to buy, sell, retain and exchange investments, and exercise such other powers as the portfolio manager deems appropriate consistent with the program selected by the client. The portfolio manager will have full discretion to adjust or change the model or weighting of any model portfolio, may invest the account's assets in cash or cash equivalents and effect temporary "sweep" transactions of all uninvested cash balances to a money market mutual fund or other cash management account, which may be managed by the custodian or an affiliate of the custodian.

All grants of discretionary authority must be in writing. If a client wishes to impose reasonable limitations on the portfolio manager's discretionary authority, such limitations must be included in the client agreement or otherwise submitted to us in writing. Such limitations are subject to our agreement and consent. The client may request to change or amend these limitations, as desired, by written instruction to the attention of our Chief Compliance Officer by email at [compliance@moneyconcepts.com](mailto:compliance@moneyconcepts.com), by telephone at (561) 472-2000, or by mail to the address shown on the cover page of this Brochure. Clients should be aware that under the terms of each program and any separate agreement between the client and a third-party portfolio manager (such as a sub-advisor), the third-party portfolio manager may not accept limitations on its authority.

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

We require the client to retain responsibility for voting all account securities. We will not vote, exercise rights, make elections, or take other such actions with respect to securities held for accounts we manage. If desired, a client may instruct us in writing to forward to the client or a third party materials we receive pertaining to proxy solicitations or similar matters.

Upon receipt of such written instructions, we will use reasonable efforts to forward such materials in a timely manner. In the absence of a written request, we will discard account proxy and related materials.

Clients may obtain proxy materials directly by written request to the account's custodian. For information about how to obtain proxy materials from a custodian, clients may contact us by email at [Advisory@moneyconcepts.com](mailto:Advisory@moneyconcepts.com), or by mail to the address on the front of this brochure. However, we do not provide advice about the issues raised by proxy solicitations or other requests for corporate action.

Similarly, we do not advise or exercise rights, make elections, or take other actions with respect to legal proceedings involving companies whose securities are or were held in a client's account, such as asserting claims or voting in bankruptcy or reorganization proceedings, or filing "proofs of claim" in class action litigation. If desired, a client may instruct us in writing to forward to the client or a third party any materials we receive pertaining to such matters. Upon our receipt of such written instructions, we will use reasonable efforts to forward such materials in a timely manner. In the absence of a written request, we will discard such materials. Written instructions should be sent to our Chief Compliance Officer, by email at [compliance@moneyconcepts.com](mailto:compliance@moneyconcepts.com), by telephone at (561) 472-2000, or by mail to the address on the cover page of this brochure.

**Financial Information - Item 18**

We do not require or solicit prepayment of more than \$1,200 in fees per client six months or more in advance. We have no financial commitment that might impair our ability to meet contractual and fiduciary commitments to clients. We have never been the subject of a bankruptcy petition.