



**M Financial Group\***  
M HOLDINGS SECURITIES, INC.

**Part 2A of Form ADV: *Firm Brochure***

**M Holdings Securities, Inc.**

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This brochure provides information about the qualifications and business practices of M Holdings Securities, Inc. ("We," or "Us," or "M Securities"). If you have any questions about the contents of this brochure, please contact Us at 888.520.6784 or [MHScompliance@mfin.com](mailto:MHScompliance@mfin.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about M Securities also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our CRD number is 43285. Registration does not imply a certain level of skill or training.



## **Item 2            Material Changes**

For this filing and all future filings, this Item 2 will be used to provide the client who has selected one or more of our advisory programs or offerings (“Client”) with a summary of material changes that are made to the brochure since the last annual update on March 31, 2023.

M Securities updated this document on March 31, 2024 (“Annual Update”). In the Annual Update, M Securities made the following changes and general updates to this document:

- Clarified language and made other general updates



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## **Item 4      Advisory Business**

M Securities is an SEC-Registered Investment Adviser (“RIA”) firm with its principal place of business located in Portland, Oregon. M Securities began conducting business as an RIA in 2000. We are a wholly owned subsidiary of M Financial Holdings Incorporated, doing business as M Financial Group. We provide services through a nationwide network of Investment Advisor Representatives (“Financial Professionals”) operating within independently operated businesses (“Member Firms”) associated with, and typically stockholders of, M Financial Group.

Financial Professionals serve as the primary point of contact between M Securities and Clients. We refer to the programs or offerings within this document collectively as “Programs.” Our Financial Professionals operate under their own Member Firm trade name and logo, which they use for marketing purposes. Clients should understand that even though Financial Professionals often operate under their own name or Member Firm name, when Financial Professionals offer or provide Programs, they are doing so through, and under the supervision of, M Securities. The Member Firm relationship is further disclosed in Item 14 of this brochure. M Securities is structured as an independent broker-dealer (“BD”) and RIA for Financial Professionals of Member Firms of M Financial Group. This structure allows our Financial Professionals to have the liberty to evaluate and recommend products and services that they believe best help Clients meet their financial goals and needs. This brochure only discusses our investment advisory (“advisory”) services. Clients are also encouraged to carefully consider the differences between brokerage and advisory services, including our obligations, your costs, and the need for the services provided. For additional information, please review the M Securities Form Client Relationship Summary (“Form CRS”), available at <https://adviserinfo.sec.gov/firm/summary/43285>, which provides information about the differences between brokerage accounts and advisory accounts.

Prior to engaging M Securities for any Program, a Client will consult with his or her Financial Professional, who will obtain certain information from Client including with respect to Client’s assets and liabilities, investment objectives, earnings, financial needs, time horizon, risk tolerance, marginal federal and state tax rates, or any other pertinent information such as prior investment history (together “Client Information”). Based upon the Client Information, the Financial Professional will make investment recommendation(s) or investment advisory service(s) recommendations to Client based on suitability, and Client will select the desired service(s). While we do not provide legal or tax advice, we use this information to help craft recommendations to benefit our Clients.

As set forth further in this brochure, M Securities provides a range of Programs to our Clients, consisting of: Investment Management Services, including wrap fee account programs; discretionary management of Client Accounts; Retirement Consulting Services; Financial Planning Services; Investment Subadvisor Services; and Solicitor Services on behalf of third-party RIAs.

### **OUR ROLE AS YOUR FIDUCIARY**

M Securities and our Financial Professionals serve as a fiduciary to Clients with respect to advisory services. As fiduciaries, M Securities and our Financial Professionals uphold a duty of loyalty, fairness, and good faith toward each Client. We are registered under the Investment Advisers Act of 1940 (“Advisers Act”), which places a fiduciary obligation on us in terms of the way that we provide services to you, and we work to ensure that your best interests come first. We endeavor to provide you full disclosure of all material facts relating to our advisory relationship with you. Our advisory programs are designed to avoid and mitigate potential conflicts of interest. In situations where the appearance of, or potential for, such a conflict is unavoidable, we will clearly disclose the details of this to you.

For most clients, we provide ongoing advice and monitor your investments to ensure that they remain consistent with your objectives and risk tolerance. We will not engage in principal trading without your informed consent. We will always attempt to obtain the most favorable terms for any transaction that we make in your accounts. This practice is

often referred to as “best execution” in the industry. We will supervise our Financial Professionals and other professionals to ensure that they are providing the services within appropriate guidelines, and we will monitor our employees to ensure that they meet prevailing ethical standards, in some cases those ethics standards may include disclosures beyond what is required by our regulator.

As it relates to retirement plans under the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), unless otherwise provided in writing, M Securities, its affiliates and their respective employees, agents, and representatives, including your Financial Professional: (a) do not have discretionary authority with respect to the assets in any retirement plan account, (b) will not be deemed an “investment manager” as defined under ERISA, or otherwise have the authority or responsibility to act as a “fiduciary” (as defined under ERISA) with respect to such assets, and (c) will not provide “investment advice,” as defined by ERISA and/or section 4975 of the Code, as amended, with respect to such assets.

When we provide investment advice to a retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of ERISA and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. For example, M Securities will make more money when a Client increases their assets with us, including through rollovers from retirement plans or IRAs at other financial services companies into IRAs that we provide services to. If a Client decides to roll assets out of a retirement plan, and into an individual retirement account (“IRA”), we have a financial incentive to recommend that a Client invest those assets with us, because we, and the Financial Professional, will be paid fees on those assets through charging advisory fees on the assets. Clients should be aware that such fees likely will be higher than those paid through the plan, and there can be custodial and other maintenance fees. Securities held in other IRA accounts or in a plan at different financial firms, may not be transferable to an IRA. In this situation, commissions and sales charges may be charged when liquidating such securities prior to the transfer, in addition to commissions and sales charges that may have been previously paid.

The assets in your employer's retirement plan may be the largest sum of money you have ever accumulated. A recommendation to rollover plan assets to an IRA rather than keeping assets in a previous employer's plan or rolling over to a new employer's plan should reflect consideration of various factors, the importance of which will depend on your individual needs and circumstances. Depending upon your particular circumstance (and the terms of your plan), you may have the following options available with respect to the assets in your workplace retirement plan account: 1. Leave assets in your existing plan; 2. Move the plan assets to another plan, such as a new employer's plan; 3. Move your plan assets to an IRA held at a financial institution, such as M Securities or another financial firm; or, 4. Receive a taxable distribution from the plan (which may also be subject to penalties). You should have a discussion with your Financial Professional and review the services to be provided within the Agreement to ensure you understand the services we are offering.

## **INVESTMENT MANAGEMENT SERVICES**

Investment Management Services offered by M Securities include an array of investment advisory services that provide Clients the opportunity to choose the management features which best suit the Client's individual, family, or entity needs. Prior to opening an investment advisory account with M Securities (“Account”), or participating in investment advisory services (“Services”) Client must complete required documentation. Depending on the Account or Service selected, this will include a Client Service Agreement (“Agreement”) and a Client Account Form (“CAF”). In addition, for certain Services, Clients are required to complete a risk questionnaire and/or statement of investment selection,

or acknowledge a disclosure. The Agreement will detail the services, fees, and allow Client to request reasonable restrictions on the management of Client's Account.

As described further below in this brochure, different Investment Management Services offer different approaches to managing a Client's Account assets. Clients can choose between Programs for advisory services or elect to participate in more than one Program for Account portfolio management. Depending upon the Program, Clients can appoint their Financial Professional to serve as the Portfolio Manager for their Account to direct, on a discretionary basis, the investment of their Account's assets, or the Client can work with the Financial Professional to select and appoint a third-party money manager ("Sub-Advisors") to act as the Portfolio Manager for some or all of their Account assets. Our investment management services will generally be discretionary, which means that Client will authorize the Financial Professional, or other applicable Portfolio Manager selected, to exercise management of the Account assets on Client's behalf without the need to seek prior consent from Client. In certain Programs where the Client has elected a Sub-Advisor, we do not always retain discretion to choose a different Sub-Advisor on Client's behalf. Client's Agreement will contain details regarding discretion, to include if discretion to hire or fire Sub-Advisors is included, as well as detail regarding fees and costs of the service Client selects. For Services in which we provide discretionary management of a Client's Account, Client's Financial Professional will provide ongoing monitoring of the Account in an effort to manage the Account according to Client's investment objectives. For all investment advisory services, we rely on the Client to notify the Financial Professional of any changes in the Client's investment objectives and/or Client Information. Any changes may prompt changes relative to the management of, and investment strategy for, the Account. On at least an annual basis, Financial Professional will review the Account(s) with the Client to determine whether there have been any changes in the Client Information and/or changes to restrictions the Client has requested to impose on the Account.

Depending upon the asset management Program or advisory service and the Client Information, Client will work with the Financial Professional to choose the custodian where their assets will be held. The Program you select may dictate which custodian is used to maintain your assets. M Securities is not a custodian for Client assets, and all Accounts we service will be maintained at a qualified custodian. M Securities is also an introducing BD for Pershing, LLC ("Pershing"), and certain Programs and services require that Client open a brokerage account with Pershing. For further information regarding designated custodians for our respective investment advisory programs and services, see Item 12 at Brokerage Practices. Clients will have ownership of all assets in their Accounts, and are allowed to add assets (as cash or securities) at any time. Clients are allowed access to their funds for purposes of making withdrawals at any time. Clients should allow adequate time for processing withdrawals, as securities may need to be sold in order to meet a withdrawal request, and it will take several days for the Financial Professional to process and settle transactions and request funds (according to the custodian's requirements).

Clients can impose reasonable investment restrictions on their Account, including by directing Financial Professional to not purchase or liquidate certain securities in the Account or hold excess cash levels from investing in Account. Each request for a restriction by a Client must be submitted in writing and approved by the Financial Professional, in advance and at their discretion. In certain exigent cases, we may take instructions orally, but they will be reduced to writing by the Financial Professional. Client should be aware that restrictions on Accounts may positively or negatively affect the Account performance, and Clients must inform their Financial Professional in writing when the Client no longer desires to impose the restriction.

Each Program has minimum balance requirements to open and maintain the Account; these minimums are listed within the description of each Program below. If an Account falls below the minimum amount, the Account is subject to termination at the discretion of M Securities, although M Securities does permit Accounts to be opened or maintained with less than the minimum in certain cases. In all cases, your Financial Professional will review your Account with you at least annually, and work to ensure needed updates are made.

## INVESTMENT MANAGEMENT SERVICES - Wrap Fee Programs

A wrap fee program (“Wrap Program”) is a type of advisory program that provides Clients with asset management and brokerage services for one inclusive fee. Wrap fee programs are not the same as transaction-oriented brokerage accounts or investment advisory accounts in which separate fees and charges for investment advice and trade execution costs, including charges on a trade-by-trade basis, will apply. If Client chooses to participate in a Wrap Program, Client will pay a single wrap fee (the “Wrap Program Fee”) that covers certain costs, including investment advice, platform fees, execution and clearing of transaction costs, and record-keeping services associated with the particular Wrap Program. The Wrap Program Fee will vary based on, *inter alia*, the Wrap Program chosen, the amount of assets being managed, and the agreed upon rate negotiated with your Financial Professional. If there is little or no trading activity in the account, it is possible that a Client may pay more than in a non-Wrap Program. You should periodically review, with your Financial Professional, based on your anticipated trading volume, whether a Wrap Program is right for you. Please also see Item 5, Fees and Compensation, for information regarding the costs associated to the Wrap Fee Programs, and please see the Form 2A Appendix 1 for the specific Wrap Program.

### WealthPursuit Wrap Fee Programs

M Securities is the Sponsor of the WealthPursuit Wrap Fee Programs (together the “WealthPursuit Wrap Programs”), each of which offer a money management style, specialty focus, or philosophy or offer different approaches to managing a Client’s Account assets. For example, in the WealthPursuit Classic and Custom Programs, you appoint your Financial Professional to serve as the discretionary Portfolio Manager for the management of the Account, including investing Account assets. In the WealthPursuit Custom UMA, Custom SMA, Envoy, and Strategist Programs, your Financial Professional will select subadvisors to serve as discretionary money manager or model strategist for the management of trading in Client’s Account. In these Programs, the Financial Professional will retain the discretion to hire or fire subadvisors. The minimum amount of assets required to establish a WealthPursuit Wrap Account varies by Program. For further information with respect to the WealthPursuit Wrap Programs, please see M Securities’ Form 2A Appendix 1 (“Wrap Brochure”).

### M Wealth MPP Wrap Program

M Financial Asset Management, Inc. (“M Wealth”), an affiliated RIA, is the sponsor of its own proprietary wrap program. M Wealth sponsors and acts as portfolio manager for the Managed Portfolio Program (the “MPP Wrap Program”). In the MPP Wrap Program, Clients will select either Pershing or Charles Schwab & Company, Inc. (“Schwab”) to serve as Custodian for their MPP Wrap Account, although fees may differ depending upon the Custodian selected. Clients should discuss with their Financial Professional the different custodial options. In the MPP Wrap Program, M Wealth selects specific securities for its model portfolios using eighteen risk-based model portfolios it has developed and manages on an ongoing basis. Clients choose between model portfolios that have different risk-based, tax focused, or specified emphasis. While each portfolio is available for investment, certain portfolios are tailored for use in certain Account types. For example, six portfolios are managed for use in taxable Accounts and six portfolios are managed for use in tax-deferred Accounts. There are also four portfolios available that seek to emphasize market returns with lower volatility, and two portfolios that emphasize environmental, social, and governance (“ESG”) focused holdings. M Wealth uses various allocations of equity and fixed-income securities to engineer the portfolios to strive for different levels of projected risk and return, such as conservative, moderate, or aggressive growth. The objective of the MPP Wrap Program is to seek comprehensive market representation and mitigate portfolio risk through diversification. M Wealth, as the sponsor of this program, receives a portion of the wrap fee for its services. The minimum amount of assets required to establish an M Wealth Wrap Account ranges between \$10,000 to \$25,000 depending upon the model portfolio selected. For further information with respect to the MPP Wrap Program, please see M Wealth’s Form 2A Appendix 1, as well as our Wrap Brochure, which outline the services, as well as our relationship to M Wealth.

## INVESTMENT MANAGEMENT SERVICES - Advisory Services



In addition to the Wrap Programs discussed above, our Investment Management Services also include a variety of advisory services that offer Clients flexibility and choice regarding portfolio asset management for their Accounts. With our non-wrap Advisory Services, Clients pay advisory fees for their Accounts, and separately pay for other costs such as those for trade execution third-party Sub-Advisors for their Accounts. In these non-wrap Advisory Services, Financial Professionals will provide individualized management based on your specific needs, goals, and objectives. These services can include direct management of Client's assets by the Financial Professional, or separate account management. Below are further details regarding our Investment Management Services Advisory Services:

#### **WealthPursuit Prime**

In WealthPursuit Prime ("Prime"), Client appoints Financial Professional to act as Portfolio Manager for their Account. Financial Professional, as Portfolio Manager, has discretionary trading authority over Client's Account to manage funds and invest and re-invest in a wide array of securities and investment products. Client's Financial Professional, without the assistance of other Sub-Advisors, will manage client's Account portfolio on a personalized basis. Ongoing Account management and supervision is guided by the Client's stated investment objectives (*e.g.*, maximum capital appreciation, growth, income, or growth and income) and risk tolerance. Financial Professional will monitor the Account on an ongoing basis, and no less than annually, will review with Client the Account and make any needed adjustments to the Account. The minimum amount of assets required to establish a Prime Account is \$50,000. Pershing is generally used as Custodian for WealthPursuit Prime, although services are also available through Schwab as described further below. For further information with respect to the terms and conditions, please see the Client Agreement and custodial agreement.

#### **Schwab Managed Account Select, Access, Marketplace,® and Advisory Accounts**

Schwab sponsors the Managed Account Select ("Select") and the Managed Account Access ("Access"). Select and Access programs provide access to investment strategies managed by subadvisors. Schwab facilitates negotiation with subadvisors, and regarding minimums, fees, and streamlining account setup and maintenance. The Financial Professional may work with the Client to select subadvisors and Client can authorize Schwab to open additional Accounts in Select or Access in order to change managers and investment strategies on Client's behalf, terminate subadvisors at the discretion of the Financial Professional, and agree to different program fee schedules through granting of trading authorization. Client will grant authority to Schwab to trade in each Account at the direction of the subadvisors designated for that account. The minimum amount of assets required to establish an Account is dependent upon the strategy and subadvisors selected and ranges between \$100,000 and \$350,000. Should an Account fall below the manager requirements, a deposit of additional money or securities may be required to bring the Account up to the required minimum, or Client may close the Account. Clients should refer to the Schwab Managed Account Agreement, as well as the subadvisor's Form ADV 2A, for additional information and requirements.

Unlike the Select program, where Charles Schwab Investment Management, Inc. provides operational and due diligence services, for the Access program, M Securities will provide due diligence should a Financial Professional request a subadvisor that has not previously been reviewed and approved for use in Client Accounts by M Securities.

Schwab Managed Account Marketplace ("Marketplace") is an open architecture platform that gives Financial Professionals and their Clients access to separate account managers and turnkey asset management providers ("TAMPs"). M Securities will limit Financial Professionals' selection of subadvisors and TAMPs to those approved by M Securities, where M Securities has conducted due diligence. Clients should refer to the Marketplace Agreement, as well as the MM's Form ADV 2A, for additional information and requirements.

Other Schwab Advisory Accounts may be established by Clients who desire to appoint their Financial Professional to act as their Portfolio Manager. In those Accounts, their Financial Professional, as Portfolio Manager, has discretionary trading authority to manage funds and invest in a wide array of securities and investment products. Client's Account portfolio will be managed on a personalized basis by Client's Financial Professional, without the assistance of other



subadvisor or TAMP. Ongoing Account management and supervision is guided by the Client's stated investment objectives (e.g., maximum capital appreciation, growth, income, or growth and income) and risk tolerance.

### **M Wealth Sub-Advisory Portfolio Management Services**

Our affiliate, M Wealth, also offers other services that we may recommend for Clients, including investment management and model management services. The minimum amount of assets required for M Wealth's Investment Management Services is generally \$1,000,000 (that can include multiple related accounts) and \$10,000 for M Wealth's Model Management Services. If an Account falls below the minimum amount, the Account is subject to termination at the discretion of M Wealth, although M Wealth will permit Accounts to be opened or maintained with less than the minimum required amount of assets in limited circumstances. M Wealth will charge a sub-advisory fee for their services that will be incorporated into the Client's total advisory fee. Please ask your Financial Professional for a copy of the M Wealth Form ADV 2A for further information

### **Portfolio Advisory Solutions**

In the Portfolio Advisory Solutions program, the Client appoints their Financial Professional to act as Portfolio Manager for the Account. Financial Professional, as Portfolio Manager, has discretionary trading authority over the Account to manage funds and invest in a wide array of securities and investment products. Client's Financial Professional will manage the Account on a personalized basis. Ongoing Account management and supervision is guided by the Client's stated investment objectives (e.g., maximum capital appreciation, growth, income, or growth and income) and risk tolerance. Financial Professional will monitor the Account on an ongoing basis, and no less than annually, Financial Professional will review with Client the Account and make any needed adjustments to the Account.

Additionally, Financial Professional can recommend the use of a subadvisor for a portion or all of the Client assets. M Securities will perform due diligence on all money managers or subadvisors prior to Financial Professional's recommendation of the same. Client may be required to sign separate agreements with the appointed money manager or subadvisor and Client's Financial Professional will monitor the performance of the Client's Account.

The minimum amount of assets required to establish a Portfolio Advisory Solutions Account is \$50,000 and Clients will be required to use Pershing Advisor Solutions, LLC ("PAS") as their custodian for this service. PAS provides clearing, execution, custody, or other brokerage services as well as provides back-office support to assist with the execution of securities transactions. For further information with respect to the terms and conditions, please see the Portfolio Advisory Solutions Client Agreement.

### **Third-Party Asset Management Program ("TPAM") Services**

M Securities has contracted with third-party asset managers ("TPAM") to provide Clients with a variety of asset management Program options. Based on Client's goals, investment objectives and particular circumstances, Client's Financial Professional may recommend a TPAM service and assist Client to determine an appropriate model portfolio and portfolio manager to meet Client's needs. Factors considered in making this determination include account size, risk tolerance, the opinion of each Client and the investment philosophy of the selected asset manager. Depending on the TPAM program identified, Financial Professional will also assist Client with selecting a model portfolio of securities designed and managed by either the TPAM sponsor or a selected portfolio manager through the TPAM sponsor responsible for providing discretionary asset management services. Account minimums are set by the TPAM sponsor or the asset manager. In addition to portfolio management services, the TPAM sponsor may also generally arrange for custody of Client Account assets, trade execution, cashiering services, and other such services as outlined in the applicable Client agreement and the asset manager's Form ADV brochure. M Securities performs due diligence prior to approving the TPAM as an asset manager. For additional information regarding the TPAM selected and the services they provide, please see the TPAM's applicable Form ADV Part 2A or Part 2A Appendix 1.

**Insurance Advisory Services**

Clients may retain M Securities to provide advisory services related to the ongoing management of subaccounts or investment options within a Variable Annuity (“VA”) or Variable Universal Life Policy (“VUL”) (together “Insurance Contracts”).

**Variable Annuities:** A VA is an insurance contract between a purchaser and an insurance carrier. A VA serves as an investment account that can grow on a tax-deferred basis, and includes certain insurance features, such as the ability to turn the annuity into a stream of future payments.

**Variable Life Insurance:** VUL is a type of permanent life insurance policy between a purchaser and an insurance carrier. A VUL offers the ability to build cash value within the policy. The cash value can be invested into separate accounts with investment options similar to mutual funds that invest in stocks, bonds, money market instruments, or some combination thereof. Unlike whole life insurance, if elected, the death benefit can be linked to the performance of the separate account funds. Policyholders assume all investment risks of the separate account performance. VULs have specific tax benefits, such as tax-deferred accumulation of earnings. Clients must qualify through underwriting for coverage and determination of premiums to cover the costs associated with the insurance provided. VULs offer flexibility regarding premium remittance and cash value accumulation.

A VA or VUL also allows the purchaser to allocate the value of the VA or VUL funds, less any mortality and expense charges, or rider fees assessed by the insurance carrier as described in the annuity’s prospectus, into certain investment funds (“Subaccounts”) the insurance carrier has designated as eligible investments. The investment options for a VA and VUL are similar to mutual funds that invest in stocks, bonds, money market instruments, or some combination thereof. When Client selects Insurance Advisory Services for VA and VUL investments, the Client’s Financial Professional will provide ongoing Subaccount management in accordance with the Client’s overall financial and retirement strategy. They will also instruct the insurance carrier with respect to the allocation and re-allocation of the investment sub-accounts. Please note that if M Securities is already the broker/dealer of record on VA or VUL, that Client may instruct Client’s Financial Professional to re-allocate the VA or VUL at no additional charge. Clients should be aware that certain Insurance Contracts impose sub-account trading restrictions. If Client and Financial Professional anticipate allocation and re-allocation of the investment sub-accounts will exceed these thresholds, please consider other services. Clients should further be aware that certain Insurance Contracts offer asset allocation or periodic rebalancing services as part of the contract at no additional charge, and Clients should discuss these options with their Financial Professional as well as any tax and legal professionals, before electing Insurance Advisory Services. Clients that elect a living or death benefit on a VA with the intention to access the VA value through the living or death benefit may not obtain value from this service.

If you purchase your Insurance Contract through M Securities, we may also serve as an introducing BD with respect to transactions involving the VA or VUL. M Securities addresses this conflict of interest by reviewing Program accounts for suitability at opening, on a periodic basis for account review as described further in Item 13 at Review of Accounts, through this disclosure to you, and by enforcing our Code.

M Securities also offers insurance advisory services for assets held within private placement insurance products (“PPI”) accounts. In doing so, we work with SALI Fund Services (“SALI”), a provider and administrator of Insurance Dedicated Funds (“IDFs”). When specified by the PPI policy owner, the PPI insurance company will appoint SALI as the investment manager for one or more PPI Accounts and SALI will appoint and delegate M Securities as subadvisor to manage specific assets in accordance with a set investment policy statement (“IPS”) that may be amended from time to time, for the PPI Accounts. M Securities, through an appointed Financial Professional, will manage assets through construction of an investment portfolio made up of mutual funds, ETFs, and individual securities, according to required diversification standards, and provide periodic account updates. In these engagements, the client is the insurance company, and due to insurance tax law, PPI policy owners are not permitted to select or identify any particular investment to be made

directly or indirectly for their PPI Account, except for general description of the investment policies included in the IPS. This service is currently limited to Clients who purchase PPI contracts with specific insurance carriers, and where their Financial Professional is approved to offer these subadvisor services.

### **Mutual Fund Discretionary Services**

For our Mutual Fund Discretionary Services, Client retains M Securities to provide advisory services on a discretionary basis with respect to one of more American Funds F-2 share class mutual funds. There are no 12b-1 sales charges for these funds. American Funds provides compensation to M Securities and Financial Professional for Client's use of these funds. Client's Financial Professional will provide ongoing management and monitoring of Client's Account and direct the allocation and re-allocation of Client's assets among F-2 Funds in accordance with the Client's investment objective, risk tolerance, time horizon and other financial characteristics. The American Funds F-2 mutual funds are held directly with and governed by the agreement with American Funds. Clients that hold different American Funds share classes can convert existing shares to F-2 shares in order to participate and receive advisory services on existing holdings. Clients will be required to complete all required M Securities documentation. Clients should be aware that by selecting Mutual Fund Discretionary Services our Financial Professional is limited to selecting mutual funds offered through American Funds. Prior to selecting Mutual Fund Discretionary Services Client should discuss with Financial Professional if other Programs giving access to various mutual fund families or other securities is more appropriate for Client.

### **RETIREMENT PLAN CONSULTING SERVICES**

M Securities and its Financial Professionals also provide advisory services to qualified and nonqualified plan sponsors, the named fiduciary on the plan, and participants, separately or in combination. While the primary Clients for these services will be pension, profit sharing, and 401(k) plans, we offer these services, where appropriate, to individuals, trusts, estates, and charitable organizations. Retirement Plan Consulting Services are comprised of four distinct services. Services may be discretionary, where the Financial Professional and M Securities together are a 3(38) Investment Manager, or non-discretionary, where the Financial Professional and M Securities together will be a 3(21) Investment Advisor to advise on investment selections, but the Client will ultimately determine the investments to be selected. As part of these services, Client may also elect certain non-fiduciary support services. Clients will complete an appropriate Agreement that contains ERISA disclosures, if applicable, that the Client should carefully review.

### **FINANCIAL PLANNING / CONSULTING**

M Securities provides financial planning or consulting services that are requested by the Client. The services will vary based on Client request and can include the evaluation of a Client's current and anticipated financial state, be comprehensive or targeted in nature, and be offered as a one-time service or on an ongoing basis. A financial plan is designed to assist a Client in developing an individual plan to achieve particular financial goals and objectives. The level of services provided is specific to each Client and will be set forth in the Financial Planning / Consulting Agreement. Clients will negotiate with their Financial Professional expectations regarding delivery of written reports or recommendations prior to entering into such Agreement.

The Client provides personal financial and relevant information, as well as goals that the Financial Professional uses to generate a customized financial plan or wealth advice for the Client. The Client will decide whether to implement the advice provided by the Financial Professional. As part of our financial planning / consulting services, M Securities may also be asked to render advice as to the purchase of securities, or regarding life, annuity, or long-term care insurance through independent insurance agencies. Consulting services can be offered on a variety of financial products held at various locations, including those held with the M Securities BD. When offering consulting on products held with the M Securities BD, the service will be in addition to, and different from, the services provided for the product held.

Financial Professionals that recommend products and services to implement a financial plan, or based on consulting services, may receive revenue on any:

- investment advisory fees paid to M Securities if the financial planning Client opens an investment advisory account at M Securities,
- Commissions or trails for securities or insurance, or other sales charges paid, if any, of the transactions referenced in the financial plan are carried out by M Securities as BD or by an insurance agency, and/or
- overrides, as described later in this document.

M Securities may receive compensation from unaffiliated entities, such as BDs, RIAs, or insurance agencies, for the referral of Clients to them for their products or services. In addition, if a Client selects M Securities or an affiliate as the entity whose products and services will be used to carry out the financial plan's recommendations, M Securities and/or the affiliate will receive customary commissions and fees associated with those products and services. See Item 5, at Fees and Compensation describing compensation to Member Firms which may provide remuneration to the Financial Professional. Whether or not M Securities or an affiliate is selected as the provider of products and services, all commissions, advisory or other fees and charges incurred by Client are the Client's sole responsibility.

### **CO-ADVISORY AND PROMOTER SERVICES**

M Securities acts as a co-adviser or solicitor on behalf of various unaffiliated RIAs. Financial Professionals refer Clients or prospects based on a variety of circumstances that can include Client's individual circumstances, needs, investment objectives, investment experience or account size. When M Securities acts as a promoter, the Client will generally receive financial advice from, and be the Client of, the unaffiliated RIA, and not M Securities. When M Securities acts as a co-adviser, the Client will generally receive financial advice from, and be a client of the unaffiliated RIA and M Securities, and each RIA will have the Client complete separate agreements outlining their respective services.

For promoter arrangements, should the Client open an account with the unaffiliated RIA, M Securities is paid a fee by the unaffiliated RIA for referring Client to the unaffiliated RIA, introducing the unaffiliated RIA's program to Client, as well as for providing and collecting the unaffiliated RIA's disclosure and other agreed upon documents and assistance. Promoter arrangements are negotiated between the M Securities and the unaffiliated RIA and have varying fee arrangements. M Securities will perform a limited due diligence review of the unaffiliated RIAs Form ADV brochure disclosures and services offered prior to entering a Promoter arrangement. The fee a client pays should not differ and will be negotiated between the Client and unaffiliated RIA. Should Client participate in an advisory referral arrangement like this, M Securities will inform the Client regarding the arrangement. M Securities has a conflict of interest to refer clients to those third-party investment advisers who pay referral fees to M Securities or to your advisor rather than those who don't. Additionally, M Securities and your advisor have a conflict of interest to refer clients to those third-party investment advisers who pay higher referral fees over those who pay lower referral fees.

For co-advisory services, M Securities will enter into an agreement with an unaffiliated RIA to provide services in conjunction with M Securities. M Securities will refer Clients to the unaffiliated RIA, introduce the unaffiliated RIA's program to the Client, provide and assist with documents, and participate in meetings and review of Client Account, as requested by the Client. Based on the Client's request for services, M Securities may provide planning services and other consultation for Client. For information with respect to an unaffiliated RIA fees and services, Client should carefully review the unaffiliated RIA's Form ADV Part 2A.

### **FURTHER INFORMATION**

When we reference ADV documents for our firm, affiliates, as well as third parties, you may be able to access those by contacting us, or by visiting [www.adviser.sec.gov](http://www.adviser.sec.gov) and searching the firm's name or CRD number.

## ASSETS UNDER MANAGEMENT

As of December 31, 2023, M Securities maintains discretionary authority over \$2,942,880,967 of Client assets and maintains non-discretionary authority over \$1,570,703,943 of Client assets. For the calculation of our non-discretionary assets, M Securities is the Adviser to the Client, however, a Portfolio Manager or sub-advisor has been appointed with discretion over the assets in the Account rather than M Securities. M Securities also offers advisory services to Retirement Plans as 3(21) non-discretionary fiduciaries, 3(38) fiduciaries or non-fiduciary support services. M Securities has contracted with fi360 to provide reporting functions in this space. There is approximately \$276,788,160 of assets where advice is being provided in a 3(21) and 3(38) capacity.

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

M Securities and our Financial Professionals receive compensation for providing Clients with investment advisory services. Advisory fees vary between Programs and services. With the exception of Financial Planning/Consulting Services, and certain Retirement Plan services, Client's will pay an advisory fee based on the value of Account assets under management, including cash and cash equivalents. Clients can negotiate advisory fees directly with their Financial Professional. Advisory fees will vary from Client to Client and from Financial Professional to Financial Professional. Prior to establishing an Account, the total advisory fee will be detailed, in writing, in the Client's Agreement. Clients should carefully compare the services, costs, and experience level between Financial Professionals as well as to other portfolio managers and investment advisory programs.

The advisory fee does not include fees for the services of subadvisors, custodian, and trade execution, and other transaction costs, for fees and expenses charged by mutual funds, or fees charged by insurance carriers for their policyholders. Wrap Program Fees differ in that those fees generally include the fees of subadvisors, trade execution costs, and the Financial Professional. Further information is provided below under Wrap Fee Program Fees and Costs.

## **INVESTMENT ADVISORY SERVICE - WRAP FEE PROGRAMS FEES AND COSTS**

In a wrap fee arrangement, Clients pay a single fee for advisory, brokerage, and custodial services. In evaluating such an arrangement, the Client should also consider that, depending upon the wrap fee charged, the amount of portfolio activity in the Client's account, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately. While we summarize the fees for Wrap Fee Programs below, more detailed information about these programs is available in Item 4 of our Wrap Brochure.

### **WealthPursuit Wrap Fee Programs**

The maximum fee for WealthPursuit Wrap Fee Programs is limited to 3%, and Clients will negotiate their Program Fee to levels that range with their Financial Professional. Certain minimum Platform Fees will apply to these Programs that will increase the negotiated Program Fee for accounts below specified asset levels.

### **M Wealth MPP Wrap Program**

MPP Wrap Program fees vary depending upon the custodian and model selected, but will not exceed 1.36% for accounts with at least \$150,000 in Account assets under management (Accounts with asset values less than \$45,455 will have minimum Platform Fees that will cause this rate to increase).

## **INVESTMENT ADVISORY SERVICE - ADVISORY SERVICES FEES AND COSTS (NON-WRAP)**

The information below describes the fees associated with programs that are non-wrap programs, as such the advisory fee typically does not include certain costs, unless specifically noted, such as brokerage, transaction fees, custodial, sub-advisors, and internal product charges. Please see the general information and calculation of fees sections that follow the individual program fee descriptions.



**WealthPursuit Prime Fees**

In WealthPursuit Prime, Clients pay an annualized advisory fee that is limited to a maximum rate of 3% of Account assets under management. Clients will negotiate the advisory fee with their Financial Professional. Transactions fees are paid separately by the Client to the custodian for each transaction in the Account and are not included in the advisory fee. Additional custodian fees will apply, please see below under General Information, Custodian Fees for information. M Securities uses the advisory fee to pay for the services of the Financial Professional, Platform Provider and our oversight of the Account. Our Platform Provider for this Program has a minimum fee and a maximum fee that can cause your stated advisory fee to increase or decrease slightly. Please see details below under Calculation of Advisory Fees, Minimum Annual Platform Fee, for additional information.

**Schwab Managed Account Select, Managed Account Access, and Marketplace Fees**

In Schwab Select and Access, Schwab will charge a Schwab Program Fee based on the amount of assets under management. The Schwab Program Fee will compensate the MM for their portfolio management services and Schwab for most brokerage services. The Schwab Program Fee does not pay for specific services provided by BDs other than Schwab for transactions executed or effected through the Account. The exact Schwab Program Fee Client will pay will be specified in a separate Schwab Managed Account Agreement and other supplemental documents provided by Schwab, but will range from .25% to 1% of assets under management. Schwab imposed account minimums are \$100,000 for most equity strategies, \$250,000 for most fixed income strategies, and range from \$150,000 to \$650,000 for diversified portfolios. Related accounts can be combined for the purpose of lower program fees. Clients should refer to the appropriate Schwab Form ADV brochure and the Client's Schwab account application for greater fee detail.

For Marketplace Accounts, Schwab will charge clients the management fee of the MM chosen to manage Marketplace Account assets, which will vary depending upon MM chosen. Schwab Accounts not associated with Marketplace will not have additional MM fees, as the Clients appoint the Financial Professional as portfolio manager.

Clients will additionally choose to pay Schwab asset-based transaction fees ("ABP") based on Account assets, or Clients will choose to pay Schwab transaction-based fees ("TBP") for each transaction. All such transaction charges are retained by Schwab and are not shared with M Securities. The schedule for these TBP or ABP charges are detailed in a separate Schwab Marketplace Agreement or Schwab Account Agreement. Additional services and costs, including but not limited to, wire transfer fees, charges for transactions executed by other BDs, and markups/markdowns on fixed income securities may be billed separately by Schwab. These details are provided in the Schwab Marketplace or Schwab Account Agreement and other supplemental documents provided by the Financial Professional and Schwab.

For all of these Schwab Accounts, Clients will pay an additional annualized advisory fee that will not exceed 2% of Account assets under management. M Securities uses the advisory fee to pay for the services of the Financial Professional, and our oversight of the Account. Our Platform provider for this Program has a minimum fee and a maximum fee that can cause your stated advisory fee to increase or decrease slightly, please see details below under Calculation of advisory fees, Minimum Annual Platform Fee for additional information.

**M Wealth Sub-Advisory Programs Fees**

For M Wealth's Sub-Advisor services, Client's total advisory fee will be dependent upon the service selected, and will include the cost for services provided by M Wealth for providing asset management services and Client's Financial Professional for providing advisory services. The advisory fee does not include expenses associated with brokerage transaction charges. Additional custodian fees will apply, please see below under General Information, Custodian Fees for information.

*M Wealth Investment Management Services:* The M Wealth Investment Management sub-advisory fee schedule is listed in the tables below and represents the maximum charges. Client's M Wealth sub-advisory fee will be detailed in

Client's Agreement. The fees will be assessed and based on the market value of the portfolio after the end of each calendar quarter, and adjusted for large inflows or outflows of assets during the quarter.

Customized: Assets Under Management*	Maximum Advisory Fee
On first \$1,000,000	1.30%
On next \$2,000,000	1.25%
On next \$2,000,000	1.20%
On next \$5,000,000	1.10%
Over \$10,000,000	1.05%

\* The minimum portfolio size is generally \$1,000,000.

*M Wealth Portfolio Management Services Fee:* For M Wealth's Portfolio Management Services Fee, fees will be computed and based on the average daily market value of the account during the preceding quarter.

Model: Assets Under Management*	Maximum Advisory Fee
On first \$1,000,000	1.22%
On next \$2,000,000	1.20%
On next \$3,000,000	1.17%

\* The minimum account size is generally \$10,000. Note that at any balance under \$35,715, the maximum Advisory Fee becomes \$25 plus 1.15%.

For more information regarding the fees and charges associated with such M Wealth services, please see M Wealth Form ADV Part 2A and your Client Agreement.

### **Portfolio Advisory Services Account Program Fees**

For this advisory service, Clients will pay an annualized advisory fee that is limited to a maximum rate of 3% of Account assets under management. M Securities uses the advisory fee to pay for the services of the Financial Professional, Platform Provider, and our oversight of the Account. Our Platform Provider for this Program has a minimum fee and a maximum fee that can cause your stated advisory fee to increase or decrease slightly, please see details below under Calculation of Advisory Fees, Minimum Annual Platform Fee for additional information.

The advisory fee does not include expenses associated with brokerage transaction charges charged by the custodian. Clients electing this program will choose to either pay transaction charges as an ABP based on Account assets or will pay TBP for each security purchased and sold. All such transaction charges are retained by the Custodian and are not shared with M Securities. Please see General Information, Custodian Fees below for more information.

The Financial Professional may recommend the use of a sub-advisor for a portion of the Account assets, and if so, the Client will enter into a separate agreement with the selected sub-advisor for such services and will be separately charged a fee for Account assets under management. Prior to engaging a money manager, Clients should refer to the sub-advisor agreement and Form 2A ADV for additional information and to determine if fees are negotiable.

### **TPAM Program Fees**

Fee schedules will vary among TPAM programs and Clients pay an advisory fee to the TPAM as described in the Client agreement entered between Client and the individual TPAM. The TPAM will typically negotiate its advisory fee with the Financial Professional and the Client. Fees assessed by the TPAM are shared with M Securities, which M Securities uses to pay for the services of Client's Financial Professional. Other fees and charges imposed by third parties can apply



to a Client Account opened with a TPAM. For more information regarding the fees and charges associated with such TPAM services, please see the respective TPAM's Form ADV Part 2A and the Client Agreement.

### **Insurance Advisory Services Fees**

Client will pay an annualized advisory fee (the "Insurance Advisory Fee") to M Securities of up to 1% of the value of the Insurance Contract. Clients may negotiate the Insurance Advisory Fee with the Financial Professional, and as a result, the fee will vary from Client to Client and from Financial Professional to Financial Professional. Client will choose between having the Insurance Advisory Fee debited directly from the Insurance Contract (subject to availability within Insurance Contract) or debited from a separate account held or established with M Securities. The terms and conditions of the Insurance Advisory Fee will vary depending upon how the Client chooses to pay. The carrier will establish terms and conditions for the direct debit of Insurance Advisory Fee. If Client chooses to debit Insurance Advisory Fee from a separate account, M Securities will calculate the fee quarterly in arrears based on the average daily value of the Insurance Contract during the billing period. M Securities will charge the advisory fee against a separate Client account held at M Securities as designated by the Client.

Clients should note that the insurance carrier issuing the VAs and VULs charge certain fees and expenses associated with the contract. These carrier's fees and expenses are separate from, and in addition to, the M Securities Insurance Advisory Fee. M Securities or Financial Professional will in most cases receive or have received a portion of carrier's fees and expenses as compensation for servicing of the Insurance Contract. For additional information regarding the carrier's fees and expenses, please refer to the product's prospectus. Clients should also be aware that most insurance carriers provide sub-account asset allocation education and example portfolios and services similar to those provided by M Securities at substantially lower fees, or at no additional cost. For further information with respect to sub-account asset allocation services by the insurance carrier, please see the product's prospectus.

The receipt of both commissions and advisory fees creates a strong incentive, and thus a conflict of interest for M Securities and Financial Professional, to recommend Insurance Advisory Services in conjunction with, or subsequent to, the sale of a VA or VUL. M Securities addresses this conflict of interest by limiting VA and VUL contracts to certain share classes for this service that do not pay your Financial Professional any additional compensation, or to contracts that have reduced on-going compensation. Please note that additional deposits to an in force contract often will result in additional commission or trails being paid to Financial Professional. Additionally, M Securities will review new VA and VUL transactions that are entering into Insurance Services for suitability at opening and on a periodic basis, as described further in Item 13 at Review of Accounts. We also address this conflict through this disclosure to you, and by enforcing our Code of Ethics.

When engaged as a subadvisor by SALI, M Securities will receive a Subadvisor Fee as described and calculated under the applicable investment policy statement for the PPI Account. The total fee charged by SALI will not exceed 3%, and will be negotiated between SALI and M Securities. M Securities will calculate the Subadvisor Fee and SALI will debit the Subadvisor Fee and remit it to M Securities. M Securities will use the Subadvisor Fee to pay the Financial Professional delegated to the management of the PPI Account. If a PPI Account should experience liquidity restrictions of the underlying funds and investment, the Subadvisor Fees will be delayed until funds are available. The receipt of both commissions and advisory fees creates a strong incentive, and thus a conflict of interest for M Securities and Financial Professional, to recommend Investment Subadvisor Services in conjunction with, or subsequent to, the sale of a PPI product. M Securities addresses this conflict of interest by limiting Financial Professionals that can offer these services, through this disclosure to you, and by enforcing our Code of Ethics. In addition, M Securities will review the PPI account for suitability at opening, and at the time Subadvisor Services are requested, and will review the sub-advised account on a periodic basis.

### **Mutual Fund Discretionary Services Fees**

For the American Funds F-2 advisory services, for the advisory fee will equal 0.50% across assets in the program, and the fee rate is not negotiable. M Securities uses the Mutual Fund Discretionary Fee to pay for the services of the Financial Professional. Mutual Fund Discretionary Fees will be calculated and debited by American Funds on a quarterly basis on the average daily balance of assets under management and pro-rated, unless otherwise specified in the Client Agreement. American Funds also assesses certain fees, expenses, and charges associated with the F-2 share class mutual funds. These fees, expenses and charges are in addition to and separate from the M Securities Mutual Fund Discretionary Fee. For additional information regarding these mutual fees, expenses, and charges, please refer to the mutual fund's prospectus.

## **RETIREMENT PLAN CONSULTING FEES**

M Securities Fees for Retirement Plan Consulting Services are billed either as a flat fee, hourly fee, or based on a percentage of assets under management. Fees, and the frequency at which they are billed, are detailed in the Client's Agreement. For fees that are charged based upon assets under management, in no case will a rate exceeding 3% be charged to the Client. Retirement Plan Consulting Fees are subject to negotiation and will be determined between Client and Financial Professional as follows:

- The Client (Plan) will negotiate a fee schedule directly with Financial Professional.
- Client has the option of either allowing Financial Professional to make fund changes within the plan's offerings on a discretionary basis, or for the named fiduciary to ultimately make fund changes recommended by the Financial Professional on a non-discretionary basis. This will depend on the agreed level of fiduciary service between Client and Financial Professional.
- Client will determine frequency for billing Retirement Consulting Fees and party responsible for submitting payment to M Securities. In such cases where direct billing to the Client is conducted, an invoice will be sent to the Client detailing the service provided and the calculation of the fee.
- Client will receive a pro-rata refund of fees, should Client terminate the investment advisory contract prior to the end of a quarter and has paid fees in advance.
- M Securities is permitted to receive reimbursement of expenses by the plan sponsor as described in the plan agreement.

## **FINANCIAL PLANNING/CONSULTING FEES**

M Securities Financial Planning/Consulting Fee is determined based on the complexity and nature of the services being provided to each respective Client's circumstances as well as Client's chosen Financial Professional's individual rate preferences. The Fee structure and amount to be charged for services is negotiated and agreed upon between Client and Financial Professional prior to entering into a contract. Financial Planning Fees are calculated and charged on either an hourly basis or flat fee basis.

The amount to be charged for the services we provide is negotiated directly between the Client and the Financial Professional, but will not typically exceed \$500 per hour. If a written financial plan is requested, the length of time it will take to provide the document will depend on each Client's personal situation. An estimate for the total number of hours required will be provided at the start of the advisory relationship. Financial Planning/Consulting Fees are also offered on a flat fee basis, typically up to \$25,000, depending on the complexity of the work to be performed. The specific fees charged, and the frequency at which they are charged, are negotiated directly between the Client and their Financial Professional per project or request. Where unusual complexity of work is substantiated, the Financial Professionals are allowed to charge fees that are above the typical range of fees stated here. If the rate exceeds the typical range, our compliance team will review the reasoning and complexity of work with the Financial Professional. A retainer may be requested upon completion of the initial fact-finding session with the client; however, advance

payment will never exceed \$1,200 for work that will not be completed within six months. The balance is due upon completion of the agreed upon work, project, or plan, or as agreed between Client and Financial Professional. Clients are permitted to cancel the Agreement for services at any time, for any reason. Should Client decide to cancel the Agreement, Client will only be charged the pro-rata portion of the work already completed.

M Securities may, at its discretion, reduce or waive the hourly fee and/or the flat fee if Client chooses to engage us separately by opening an investment advisory account for our Investment Management Services, or a brokerage account for purchases products through our BD. Unless otherwise agreed, Financial Planning/Consulting Fees are charged by M Securities in addition to fees for management of portfolios or third-party advisory services or BD services, if Client determines to purchase the recommended product through our BD or RIA, M Securities and the Financial Professional will receive advisory fees, brokerage commissions, and potentially other compensation in connection with such services or products. Accordingly, M Securities and the Financial Professional have an incentive to discount our Financial Planning services fees and/or to recommend clients retain our Investment Management Services or purchase products through our BD for purposes of implementing a financial plan, and thus a conflict of interest may be present. M Securities addresses this conflict of interest by reviewing Program account for suitability at opening, on a periodic basis for account review as described further in Item 13 at Review of Accounts, through this disclosure to you and by enforcing our Code of Ethics.

#### **CO-ADVISORY SERVICES**

When engaged as a co-adviser, M Securities will receive an advisory fee as described and calculated under the applicable agreement between M Securities and the Client. The advisory fee may be calculated and debited by the unaffiliated RIA and paid to M Securities, who will pay the Financial Professional. The advisory fee charged by M Securities will not exceed 1% for this service. The unaffiliated RIA will separately charge an advisory fee that will be disclosed in the unaffiliated RIA's separate documents to the Client.

#### **FINANCIAL PROFESSIONAL SERVICES; M SECURITIES COMPENSATION; PLATFORM SERVICES FEES**

**Financial Professional Services:** M Securities believes that each of our Clients has unique investment management and desired service needs from their Financial Professionals. Given the independent advisor business structure of our network, we also believe that our Financial Professionals are best positioned to understand the unique needs of their respective client bases. Clients should note, however, that SEC regulatory guidance provides that the SEC considers RIA fees greater than 2% of total assets under management as excessive and/or higher than is normally charged in the industry. As such, while every Client's investment advisory needs and objectives are different, Clients should scrutinize a proposed advisory fee that would be in excess of 2% of Account assets under management to ensure that it is appropriate for their needs in light of the Client's expected level of and complexity of services and investment strategies they seek for their Accounts. Prior to establishing an Account, Program Fees will be detailed in writing in the Client's Agreement. When considering a potential advisory fee proposal, Clients should carefully consider and negotiate with their Financial Professional relative to a range of factors, including but not limited to:

- the level of assets the Client intends to maintain under management in the Program;
- whether the Client's Account is part of a family Billing Group and is eligible for a Billing Group discount;
- the overall business relationship and level of business the Client maintains with M Securities and the Financial Professional for investment advisory, brokerage, or other services, both as part of and outside of the Program;
- the complexity of assets, investment management styles and strategies the Client desires the Financial Professional to provide in managing the Account;
- the desired level of interaction the Client expects to have with the Financial Professional with respect to the Account, as higher levels of interaction may cause a Financial Professional to seek to increase the overall advisory fee; and

- any other factors or considerations the Client considers important or unique to the Client in determining a Program Fee which the Client would deem acceptable and appropriate for the Client's needs and investment objectives.

M Securities and Financial Professionals have a conflict of interest in that the advisory fee can be negotiated up to a higher level at the discretion of the Financial Professional and in light of the range of services to be performed by the Financial Professional. This encourages us to recommend a wider range of services than a client might require. Each client should carefully consider the range of services that the client requires and Financial Professional chosen. M Securities addresses this conflict of interest by reviewing Program accounts for suitability at opening, on a periodic basis for account review as described further in Item 13 at Review of Accounts, through this disclosure to you, by enforcing our Code, and by establishing a total advisory fee for Client Accounts that will not exceed the stated percentage for the particular investment advisory service. Additionally, as the Client's Financial Professional or Financial Professional's Member Firm may be a shareholder of M Financial Group, in such case they would have incentive to recommend M Wealth as a Sub-Advisor over other similar programs. For more information regarding these affiliations, see Item 10 (Other Financial Industry Activities and Affiliations).

Depending upon the particular investment advisory service, at lower Account market value tiers, M Securities and our Financial Professionals also have an incentive, and thus conflict of interest, to recommend investment advisory service Programs that permit the Financial Professional to negotiate higher potential fees than in other Programs. As Account market value tiers are reached, the schedule may incentivize the Financial Professional to recommend a different Program. M Securities addresses this conflict by reviewing accounts for suitability at opening and on a periodic basis for account review as described further in Item 13 at Review of Accounts, as well as through this disclosure.

Similarly, for certain of our investment advisory services, we have a conflict of interest because Financial Professionals are permitted to provide investment advisory portfolio management services without the assistance of other Sub-Advisors in the management of the Client's Account. Typically, when the Financial Professional provides services as the sole or primary asset manager for an Account, the Financial Professional will receive higher fees compared to Programs where a subadvisor assists with the management of Account assets. As such, Financial Professionals have an incentive to recommend Programs in which the Financial Professional can recommend himself or herself as the portfolio manager for Account assets, compared to other subadvisory arrangements. M Securities addresses this conflict of interest by reviewing Program accounts for suitability at opening, on a periodic basis for account review as described further in Item 13 at Review of Accounts, through this disclosure to you, and by enforcing our Code. Please be sure to compare the services, costs, and experience level of your Financial Professional to other portfolio managers and investment advisory programs.

**M Securities Compensation:** M Securities is compensated indirectly by assessing the Member Firms, and thus their Financial Professionals, a retention fee ("Retention Fee") based on the quarterly amount of total investment advisory fee revenue generated by each Financial Professional within the Member Firm. M Securities calculates the total amount of each Member Firm's Financial Professional quarterly fee revenue based on a combination of a sliding scale percentage of the Member Firm's Financial Professional quarterly fee revenue (higher percentages at lower thresholds) and a set dollar amount increasing with tiered levels of revenue. M Securities retains an amount based on the Retention Fee schedule and pays the balance to the Financial Professional.

As a result of the Retention Fee, M Securities has a conflict of interest as greater fee revenue generation may increase the amount of the Retention Fee assessed on a tiered basis. The Financial Professional is incentivized to place additional Client assets or solicit additional clients into Programs to increase their Member Firm's overall retention percentage and to generate revenues for Financial Professional's Member Firm to qualify or remain affiliated with M Financial. M Securities addresses this conflict of interest by reviewing Program accounts for suitability at opening, on a periodic



basis for account review as described further in Item 13 at Review of Accounts, by enforcing our Code, by establishing limits specific Programs as to the total advisory fee for Client Accounts, and through this disclosure to you.

**Platform Services and Fees:** M Securities has contracted with Envestnet Portfolio Solutions, Inc. (“Envestnet”), an RIA and provider of wealth management software and services to assist us in offering certain services. Envestnet provides M Securities with investment, administrative and operational support services for M Securities’ investment advisory services business. Using Envestnet’s programs and services provide M Securities with access to money managers for use as a portfolio manager, tools to develop Client proposals and allocate Client portfolios, tools to determine Client suitability and risk tolerance, billing services to calculate and debit Client fees and reporting services to generate ad-hoc and quarterly performance reports.

In some circumstances, M Securities has authorized Envestnet to provide the above services, and Envestnet is authorized to provide instructions to custodians on M Securities behalf. The cost associated for Envestnet’s platform services is a component of the advisory fees and is generally .013% of the assets in the account and subject to an annual minimum fee of \$24 and annual maximum fee of \$300 that will increase or decrease the stated total advisory fee accordingly. M Securities outsources the calculation and debiting of fees to Envestnet, and as well as other services, which helps M Securities with administrative functions that would otherwise be completed by salaried employees.

## **CALCULATION OF ADVISORY FEES**

**Calculation of Advisory Fees:** For purposes of calculating and paying the investment advisory fees, Platform Provider will cause the fair market value of Account assets to be determined in good faith by the Custodian. Advisory fees are calculated on a calendar quarter. The Client will authorize the Custodian to pay the advisory fee out of assets in the Account (with the exception of the Insurance Advisory Services that are debited from a designated account held with M Securities or calculated and debited by the insurance provider). Upon receipt of instructions from Platform Provider, the Custodian will withdraw the appropriate amount from the Account. The advisory fee is generally debited directly from the money market balance in the account(s) and in some cases, we will sell shares of securities held in the account in order to raise cash for the advisory fee. The sale of securities in taxable accounts can create reportable gains or losses. All assets in Client’s Account, including cash not invested into a security, will be included in the calculation of the advisory fee, unless agreed upon in writing with the Financial Professional. Changes in fee structure or the manner in which fees are calculated will be implemented thirty (30) days after we provide written notice to the Client. Direct billing to the Client is typically not allowed, except for services associated with Retirement Plan Consulting and Financial Planning/Consulting Services. Clients should be aware that the use of margin to purchase securities will increase their fair market value of Account assets, and therefore increase the value on which the Advisory fees are calculated. This creates an incentive for Financial Professionals to suggest the use of margin in Client’s Accounts. M Securities addresses this conflict through requiring Clients to apply for use of margin in Accounts, and then monitoring and limiting the use of margin within Accounts. All advisory fees paid to us are separate and distinct from the fees and expenses charged by a Sub-Advisor for separate account management, by mutual funds to their shareholders, or by custodians.

**Household Billing Group:** If a Client and Client’s household or family members have more than one Program account in the same investment advisory services Program (“Billing Group”), Client may be able to lower the advisory fees based on the assets that members of the household Billing Group maintain in their Accounts. M Securities is not responsible for identifying Accounts eligible for combined fee calculation purposes. Accounts will be combined for advisory fee calculation only on the written request of Account holder. Additionally, M Securities does not combine fee calculations for advisory accounts outside of the Program in other wrap fee programs or other assets under advisement. This creates a conflict for M Securities and the Financial Professional because we have incentive to recommend different account types to different Client household or family members to avoid a Billing Group. We mitigate this conflict through this disclosure and encourage you to discuss Billing Group Programs with your Financial Professional.



**Minimum Annual Platform Fees:** WealthPursuit Prime, all Schwab Programs, and Portfolio Advisory Services apply a minimum annual Platform Fee ("Minimum Platform Fee"). For these Programs, Accounts with assets below \$184,615 will be charged the negotiated Program Fee, minus .013%, plus \$24 annually. Accounts above \$2,308,000 in assets will experience a decrease to the Program Fee by .013% annually, as the Platform Fee is limited to an annual maximum of \$300. In the event the Minimum Platform Fee were to apply, it would be charged at 25% of the Minimum Platform Fee at each calendar quarter based on the number of days in the quarter. In such event, the total Program Fee expressed as a percentage of Account assets under management would be greater than the percentage agreed to between the Client and Financial Professional, and could potentially cause the total advisory fee to be greater than the 3% maximum depending upon the Program. Clients should be aware that in certain Programs the Minimum Platform Fee would be triggered at higher assets levels than the minimum Program requirement to open and maintain an Account. M Securities addresses this issue by reviewing Accounts and the negotiated advisory fees at opening, and requiring justification from our Financial Professionals for maintaining Accounts with higher Program Fees to ensure that the Program Account is appropriate for the Client. The M Wealth Programs and WealthPursuit Wrap Fee Programs have different minimum fees and Clients should refer to the appropriate ADV Form 2A or Appendix 1 for information.

**Billing in Advance and in Arrears:** Certain of our investment advisory services Programs allow Clients to choose to have advisory fees billed in advance or arrears. Client will make this choice when executing the Client Service Agreement.

*In advance:* Payable at the beginning of each quarter in advance based on the prior quarter's ending balance and prorated for the number of calendar days in the quarter. A new Account will have a start date to initiate the advisory fee determined by the latter of the date the Client executes the Agreement, or the date Client assets are deposited to the Account. The initial advisory fee will be prorated for the number of calendar days in the quarter with the start date equal to day one. The initial advisory fee is billed one month following the Account start date based on the value of assets deposited to the Account. Advisory fees for contributions or withdrawals in excess of \$10,000 will be prorated for the number of days in the quarter with the contribution or withdrawal date equal to one.

*In arrears:* The advisory fee is payable quarterly in arrears at the end of the first quarter we started to provide services. The advisory fee will be based on the average daily fair market value of assets under management in the Account for the number of calendar days in the quarter. Subsequent payments are then due and assessed each calendar quarter based upon the fair market value of the assets under management at quarter-end or based on the average daily balance. The specific detail of which value used will be denoted in your advisory agreement.

M Securities is not responsible for calculation or debiting of TAMP fees. TAMPs services will have all fees calculated by the provider and details regarding fee calculations and payment will be disclosed within the Agreement signed directly between the Client and the TAMP.

**Termination of the Advisory Relationship:** Either M Securities or the Client is permitted to terminate the Agreement upon written notice to each other, as detailed within the Agreement, for any reason, upon thirty (30) days written notice. At that time, any unearned investment advisory service advisory fees that were deducted will be returned to Client, if Client paid fees in advance. If Client pays fees in arrears, the amount of the pro-rata advisory fee and any other fees and charges due through the effective date of termination are due and payable prior to any assets being transferred to another custodian or delivered to Client, including any applicable termination fees as provided for in the Client's Agreement. Upon termination of the Program Account, Client must provide direction to M Securities on how to transfer Client's assets upon termination of the Account, as we will not be under any obligation with regard to the assets in the Account. If Client does not provide such direction, then M Securities may transfer Client's Account to a

brokerage account, with Client bearing all associated costs with the same, at M Securities' discretion.

## GENERAL INFORMATION – ADDITIONAL FEES, CHARGES, AND CONSIDERATIONS

**Custodian Fees:** The custodian of an Account will charge separate fees for maintaining Client's Account. Custodian fees include, but are not limited to, account maintenance fees, transaction or execution fees, mark-ups or mark-downs, IRA or qualified plan fees, wire fees, account closing fees and account transfer fees. The respective custodian will provide further information about custodian fees to the Client upon opening of Client account. Certain Programs, such as Wrap Fee Programs include certain custodial fees in the Wrap Program Fee, while in other Programs, Clients pay such fees separately based on each security transaction. The Financial Professional, in his or her discretion, may choose to pay for certain custodial fees or execution charges. If the Financial Professional elects to pay for the Client's execution charges, Client should understand that the fee earned by the Financial Professional might be higher or lower than what they would have received if the Financial Professional chose not to pay the charges for the Account. The choice of whether to pay for execution fees in one Client's Account over another creates a conflict of interest for the Financial Professional and M Securities, because the Financial Professional has a financial incentive to trade less for Accounts or trade certain funds that waive execution charges where the Financial Professional has chosen to pay for the Client's transactions or Client has negotiated the same. To mitigate this potential conflict, we provide this disclosure to you and M Securities will review all account documents and fees at account opening to determine they are reasonable based on the size of the account.

**Mutual Fund and ETF Fees:** All fees paid to M Securities for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, these charges will be suppressed. In no case should the Financial Professional receive any ongoing commissions from mutual fund providers or ETFs. However, M Securities may receive other fees (e.g., finders fees) associated with mutual fund transactions. Finder fees are distributed to a BD in lieu of a load on front load or A shares. If a Client purchases a load-waived A Share in an advisory account, it is possible that M Securities would receive a finder's fee. M Securities returns any such revenue received to the Client by means of a credit to the Client Account.

A Client could invest in a mutual fund directly, without our advisory services. When purchasing directly with a mutual fund company, except when purchasing American Funds F-2 share class mutual funds, the Client would not receive the full advisory services provided by M Securities, which are designed, among other things, to assist the Client in determining which mutual fund or funds are most appropriate to the Client's financial condition and objectives, combined with ongoing account monitoring. In all cases, the Client should review the fees charged by the funds and the fees charged by M Securities to fully understand the total amount of fees to be paid, and evaluate the services.

In many instances, we make available mutual funds in our advisory programs that offer various share classes. Depending on the custodian, our agreement with the same, and mutual fund company, there may be available several versions of the same mutual fund with different levels of ongoing expense, charges, and distribution of 12b-1 fees, and associated transaction charges. Typically, when a mutual fund makes several share classes available, those with the higher transaction charges also have lower ongoing expenses. Not all mutual funds have the same share classes available. While each mutual fund prospectus indicates whether the share class invested charges a 12b-1 fee, some share classes typically charge 12b-1 fees while others do not. For illustrative purposes, Class A Shares typically charge a 12b-1 fee and Class I Shares do not charge a 12b-1 fee. Class A Shares typically compensate the Financial Professional for placement and servicing of those Funds while Class I shares do not. As a result, exclusive of any Advisory Fee we charge, it is typically more expensive for the client to own Class A Shares than Class I Shares. In an effort to reduce the financial incentive to recommend a mutual fund share class that charges a 12b-1 fee, in most instances, M Securities reimburses the client's account with any 12b-1 fee charged. In some instances, the 12b-1 fee, or a portion of other



mutual fund fees is retained by the qualified custodian that makes the mutual funds available to us or is used to waive or reduce client transaction charges. Whether the 12b-1 fee is reimbursed to the Client or retained by the qualified custodian is dependent upon which qualified custodian holds the Client's assets. The availability of a lower-cost share class is fund specific and not all Class I Shares or lower ongoing expense shares may be available for investment due to investment minimums and other fund-specific requirements. In many cases it is beneficial to pay a higher transaction charge in lieu of higher ongoing expenses. Clients should discuss these preferences with their Financial Professional.

**Grandfathering:** Existing Clients may be subject to minimum account requirements and advisory fees in effect at the time they entered into a relationship. Therefore, account requirements and fees could differ among Clients.

**Purchasing Like Services:** Clients should note that comparable advisory services may be available from other RIAs for similar or lower fees. Financial Professionals also charge different rates for their services. The Client could choose not to participate in the M Securities investment services and receive investment advice related to Financial Planning and execute transaction through a non-affiliated BD. Clients choosing to execute transaction separately would not receive the full advisory services provided by M Securities, which are designed, among other things, to assist the Client in determining which Programs and Services are most appropriate to the Client's financial condition and objectives combined with ongoing account monitoring. Clients are encouraged to carefully consider the difference between brokerage and investment advisory services including our obligations, costs, and your needs for the services provided. For additional information please review the M Securities BD and RIA Form CRS, which provides additional information about the differences between brokerage and advisory accounts.

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

M Securities does not offer any advisory services under performance-based fee arrangements; nor does it employ side-by-side management.

## **Item 7                      Types of Clients**

M Securities provides advisory services to a wide variety of Clients including but not limited to: individuals, charitable organizations, corporations, and other business entities, retirement plans (including 401(k) plan sponsors and pension plans) and trusts.

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

### **METHODS OF ANALYSIS**

M Securities, its Financial Professionals, and portfolio managers use a variety of analysis methods when selecting securities and/or managing Client assets. As a firm, we do not favor any specific method of analysis over another. However, different strategies will be more or less effective than competing strategies based on market conditions. Below are some of the common approaches that can be used in providing advice and a non-exhaustive list of potential shortcomings of each method:

- **Fundamental Analysis:** This is an attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself). It is used to determine if the security is underpriced (indicating a potentially good time to buy) or overpriced (indicating a potentially good time to sell). Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the security.
- **Technical Analysis (or Charting):** Past market movements are analyzed and that analysis is applied to the present

in an attempt to recognize recurring patterns of investor or other market behavior and potentially predict future price movement. Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that investments in a poorly managed or financially unsound company may underperform regardless of market movement.

- *Cyclical Analysis:* In this type of technical analysis, the movements of a particular security are measured against the overall market in an attempt to predict the price movement of the security. A risk in using cyclical analysis is that the overall market is subject to change and we may incorrectly identify where we are in the business or economic cycle.
- *Quantitative Analysis:* Mathematical models are used in an attempt to obtain more accurate measurements of a company's quantifiable data, such as the value of a share price or earnings per share, and predict changes to that data. A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect.
- *Qualitative Analysis:* This is subjective evaluation of non-quantifiable factors such as quality of management, labor relations, and strength of research and development factors not readily subject to measurement, and predict changes to share price based on that data. A risk in using qualitative analysis is that our subjective judgment may prove incorrect.
- *Mutual Fund and/or ETF Analysis:* The experience and track record of the manager of the mutual fund or ETF is reviewed in an attempt to determine if that manager has demonstrated an ability to invest better than his or her peers over a period of time and in different economic conditions. Underlying assets in a mutual fund or ETF are also reviewed in an attempt to determine if there is significant overlap in the underlying investments held in other securities in the Client's portfolio. An ongoing monitoring of the Funds or ETFs is made in an attempt to determine if they are continuing to follow their stated investment strategy. A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the Client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager will deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the Client's portfolio.
- *Money Manager, Sub-Advisor and TPAM Analysis:* Prior to approving a new Money Manager, Sub-Advisor or TPAM, M Securities examines the experience, expertise, investment philosophies and past performance of Money Manager, Sub-Advisors and TPAM asset managers in an attempt to determine if the manager has demonstrated an ability to invest competitively or better than his or her peers over a period of time and in different economic conditions. Underlying holdings, strategies, concentrations, and leverage may also be reviewed as part of an overall periodic risk assessment. A risk of investing with an asset manager who has been successful in the past is that the manager may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a third-party asset manager's portfolio, there is also a risk that an asset manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as we do not control the asset 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.

All securities analysis methods rely on the assumption that the companies whose securities are recommended for purchase and sale, the rating agencies that review these securities, and other publicly available sources of information about these securities, are providing accurate and unbiased data. There is always a risk that our analysis is compromised by inaccurate or misleading information.

## INVESTMENT STRATEGIES

M Securities and its Financial Professionals can use the following strategies in managing Client Accounts, provided that such strategies are appropriate to the needs of the Client and consistent with the Client's investment objectives, risk tolerance and time horizon, among other considerations:

- **Asset Allocation:** Rather than focusing primarily on securities selection, there is an attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance. A risk of asset allocation is that the Client will not participate in sharp increases in a particular security, industry, or market sector. Another risk is that the ratio of securities, fixed income and cash will change over time due to stock and market movements, and, if not corrected, will no longer be appropriate for the client's goals.
- **Diversification versus Concentration:** Diversification within a portfolio of investment strategies, securities or managers will tend to reduce the overall risks and returns of a portfolio when one strategy or security does not perform as well as another. Concentration within a portfolio of investment strategies, securities or managers will tend to increase the overall risks and returns of a portfolio since any gains or losses in a particular holding will not be buffered by other holdings that perform differently.
- **Long-Term Purchases:** A recommendation to purchase securities with the idea of holding in the Client's Account for a year or longer. Typically, this strategy is used when there is a belief the securities are currently undervalued, the Client wants to take advantage of long term tax rates, or, there is a desire to have exposure to a particular asset class over time, regardless of the current projection for this class. A risk in a long-term purchase strategy is that by holding the security for this length of time, the client will not take advantage of short-term trading strategies that could be profitable, or that a security will decline sharply in value before the decision to sell.
- **Short Sales:** Upon approval from M Securities, a Client can borrow shares of a stock from someone who owns the stock on a promise to replace the shares on a future date at a certain price. Those borrowed shares are then sold by a short seller. On the agreed-upon future date, the seller buys the same stock and returns the shares to the original owner. Clients engage in short selling based on their belief that the stock will go down in price after they have borrowed the shares. If the price to rebuy the stock plus the lending fees and transaction costs are less than the price when the shares were borrowed, the client account realizes the profit. If the shares instead rise in value, the Client Account incurs a loss.
- **Margin Transactions:** Upon approval from M Securities, a Client is permitted to purchase securities with money borrowed from the Custodian. This allows the purchase of more securities than would be possible with the Client's available cash, and allows the purchase of stock without selling other holdings. Clients investing on margin to buy more securities tend to amplify the returns or losses in their Account. They are also responsible for paying Margin interest. Additionally, use of Margin can increase your assets under management and therefore increase the amount of advisory fee owed to M Securities.
- **Use of Options:** Upon approval from M Securities, a Client is permitted to use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

The two types of options are Calls and Puts:

- A Call gives a Client the right to buy an asset at a certain price within a specific period of time. A Client utilizing this strategy will buy a call if they believe the stock will increase substantially before the option expires or sell a Call if they believe the stock will decrease substantially before the option expires.
- A Put gives a Client the right to sell an asset at a certain price within a specific period of time. A Client will buy a Put if they believe the price of the stock will fall before the option expires or sell a Put if they believe the stock price will rise before the option expires.

Options can be used to speculate on the possibility of a sharp price swing. Options can also be used to "hedge" a

purchase of the underlying security; in other words, to limit the potential upside and downside of a security. Client can use “Covered Calls,” to sell a Call on a security owned. In this strategy, the Client attempts to generate additional income from the belief the stock will not rise significantly in value. The person purchasing the option has the right to buy the security from the client at an agreed-upon price and profits when the stock increases in value and he/she acquires the Client’s shares at the previous price.

If appropriate, a Client is permitted to also use a “spreading strategy”, in which the Client purchases two or more option contracts (for example, a Call option that is purchased with certain attributes, and a call option that is sold with different attributes) for the same underlying security. In this strategy the Client is seeking to profit from specific changes in price, time and other factors related to the underlying security.

- *Inverse and Leveraged ETFs, ETNs and mutual funds:* Leveraged products are designed to provide a multiple of the underlying index’s return, typically on a daily basis. Inverse products are designed to provide the opposite of the return of the underlying index, also typically on a daily basis. These products have a multiplier effect and are therefore considered riskier and more volatile; creating larger positive and negative swings on return that may be magnified over time. These products are not designed as buy and hold securities, but instead traded on a short-term basis, typically daily. For additional product risk and expense information, please carefully review the product’s prospectus.
- *Structured products:* A structured product is generally a prepackaged investment strategy based on derivatives, such as a single security, a basket of securities, options, indices, commodities, debt issuances, and/or foreign currencies, and, to a lesser extent, swaps. Structured products are complex products. In addition to a fixed maturity, they have two components: a note and a derivative. The derivative component is often an option. The note provides for periodic interest payments to the investor at a predetermined rate, and the derivative component provides for the payment at maturity. Some products use the derivative component as a put option written by the investor that gives the buyer of the put option the right to sell to the investor the security or securities at a predetermined price. Other products use the derivative component to provide for a call option written by the investor that gives the buyer of the call option the right to buy the security or securities from the investor at a predetermined price. A feature of some structured products is a “principal guarantee” function, which offers protection of principal if held to maturity. These products are not always FDIC insured, however; they may only be insured by the issuer and, thus, have the potential for loss of principal in the case of a liquidity crisis or other solvency problems with the issuing company. Investing in structured products involves several risks, including, but not limited to, fluctuations in the price, level, or yield of underlying instruments; interest rates; currency values; and credit quality. It also involves the risk of substantial loss of principal, limits on participation in any appreciation of the underlying instrument, limited liquidity, credit risk of the issuer, conflicts of interest, and other events that are difficult to predict.

## RISK OF LOSS

Investing in securities involves risk of loss that Client should be prepared to bear. Securities investments are not guaranteed, and Clients may lose money on investments. Clients should work closely with their Financial Professionals so that they have a complete understanding of Client’s tolerance for risk. Clients seeking to reduce risk in their portfolio are encouraged to discuss diversification in their Account, the use of Asset Allocation strategies, the purchase of Puts related to securities they own, and other strategies with their Financial Professional. There is no guarantee that any recommendations or asset management approach will meet a Client’s investment objective over any given timeframe. The following types of risks may significantly affect the performance of Client’s Portfolio:

- *Equity Risk:* Strategies that invest in equities involve the risk that the value of equity securities, such as common stocks and preferred stocks, decline due to general market conditions, which are not specifically related to a particular company or to factors affecting a particular industry or industries. Equity securities generally have greater price volatility than fixed income securities.

- **Foreign Securities Risk:** Strategies that invest in international securities involve special additional risks, including: currency risk; political risk; risks associated with varying accounting standards; and the risk that adverse legal, political, or economic developments, as well as international trade, trade barriers, and exchange controls adversely affect the securities of companies located in such countries. Investing in emerging markets may accentuate these risks.
- **Small Cap Risk:** Strategies that invest in smaller capitalized companies involve risks, including relatively low trading volumes, a greater degree of change in earnings, and greater short-term volatility. Smaller companies typically have a higher risk of failure and are not as well established as larger blue-chip companies.
- **Value/Growth Risk:** Strategies that invest in value, growth, or stocks reflecting a subset of the overall market can perform differently from the market as a whole and from other types of stocks and can be more volatile than other types of stocks.
- **High Yield Risk:** Strategies that invest in high-yield bonds invest in lower-rated debt securities (commonly referred to as junk bonds) and involve additional risks because of the lower credit quality of the securities in the portfolio. Clients should be aware of the possible higher level of volatility and increased risk of default.
- **TIPS Risk:** Strategies that invest in Treasury Inflation Protected Securities (“TIPS”) involve risks, including risk of loss in periods when “real” interest rates (current interest rate minus inflation rate) change substantially. TIPS are bonds issued by the U.S. Treasury that have a fixed rate of interest and principal that adjusts according to changes in the Consumer Price Index.
- **Municipal Risk:** Municipal investment strategies can be affected by adverse tax, legislative or political changes and the financial condition of issuers of municipal securities.
- **Real Estate Risk:** Strategies that invest in Real Estate Investment Trusts (“REITs”) or real estate-linked derivative instruments may subject a client to risks similar to those associated with direct ownership of real estate, including losses from casualty or condemnation, and changes in local and general economic conditions, supply and demand, interest rates, zoning laws, regulatory limitations on rents, property taxes and operating expenses.
- **Fixed Income Risk:** Strategies that invest in fixed income securities are subject to the risk that clients may lose all or some of their principal investment if the issuer or guarantor of a fixed income security, or the counterparty to a derivative contract, is unable or unwilling to meet its financial obligations. Additionally, clients are subject to the risk that the resale value of a fixed income security will decline because of an increase in interest rates; similarly a mutual fund holding fixed income securities will be adversely impacted with increasing interest rates with longer than average bond maturity dates more sensitive to changes in interest rates than a fund with shorter bond maturity dates.
- **Liquidity Risk:** Strategies that involve investing in securities with limited trading volumes or no ability to trade may prevent the Client from being able to liquidate the security if they have a change in circumstances, goals, or upon the advice of their Financial Professional. We encourage you to discuss your liquidity needs with your Financial Professional before investing in securities with limited liquidity.
- **Cybersecurity Risk:** Intentional cybersecurity breaches include: unauthorized access to systems, networks or devices (such as through “hacking” activity), infection from computer viruses or other malicious software code and attacks that shut down, disable, slow, or otherwise disrupt operations, business processes, or website access or functionality. Unintentional incidents such as the inadvertent release of confidential information (possibly resulting in the violation of applicable privacy laws) can occur. Cyber incidents have the ability to cause disruptions and impact business, potentially resulting in the inability to transact business, financial losses, violations of applicable privacy and other laws, regulatory fines, penalties or reputational damage. Such incidents could cause M Securities or other service providers to incur regulatory penalties, reputational damage, additional compliance costs, or



significant financial loss. In addition, such incidents could affect the securities in which M Securities invests, and thereby cause a loss in value.

- *Alternative / Complex Product Risk:* Alternative Investments are Complex Products. A Complex Product is one with multiple, novel, complicated, intricate, derivative or similar features that affect its investment return under different market and economic scenarios. Alternative Investment are not suitable for all investors as they are subject to various risks such as limitation on liquidity, pricing mechanism and specific risk factors associated with the particular product. A prospectus or offering document that discloses all risks, fees and expenses and risk factors associated with a particular Alternative Investment will be provided by your Financial Professional when recommending the use of an Alternative Investment. Read the applicable prospectus or offering documents carefully before investing. Clients considering an investment strategy utilizing Alternative Investments should understand that they are generally considered speculative in nature and involve a high degree of risk, particularly if concentrating investment in one or few Alternative Investments or within a particular industry. The risks associated with Alternative Investments are potentially greater and substantially different than those associated with traditional equity or fixed income investments. Alternative Investments are unsuitable for many investors. If you do not completely understand the product, you should not purchase it.

## **Item 9                      Disciplinary Information**

M Securities is required to disclose any legal or disciplinary events that are material to a Client's or prospective Client's evaluation of our advisory business or the integrity of our management.

On March 11, 2019, the SEC published IA Release No. 5193, an Order instituting Administrative and Cease and Desist Proceedings, pursuant to Sections 203(e) and 203(k) of the Advisers Act, against M Securities. M Securities self-reported the violations to the SEC, which arose out of breaches of fiduciary duty and inadequate disclosures by M Securities in connection with its mutual fund share class selection practices and the 12b-1 fees that M Securities and/or its associated persons received. During the relevant period, M Securities purchased for, recommended to, or held for advisory clients, mutual fund share classes that charged 12b-1 fees instead of lower-cost share classes of the same funds for which the clients were eligible. M Securities failed to disclose in its Form ADV or otherwise conflicts of interest related to the collection of such fees. As a result of the conduct, M Securities willfully violated Sections 206(2) and 207 of the Advisers Act. M Securities agreed to cease and desist from committing or causing any violations and any future violations of Sections 206(2) and 207 of the Advisers Act. M Securities was censured, agreed to pay disgorgement plus interest of \$1,022,048.49 and complied with the undertakings described in the Offer of Settlement.

On July 9, 2018, M Securities was found to be in violation of FINRA's rules related to its brokerage activities. Without admitting or denying the findings, M Securities consented to sanctions equal to \$135,000 and to the entry of findings from December 2013 to June 2017, that specified it did not establish, maintain, and enforce a supervisory system, including written supervisory procedures ("WSPs"), reasonably designed to supervise registered representatives' use of consolidated reports. The findings stated that during this period, associated persons of M Securities created and disseminated consolidated reports to customers, yet it had no WSPs directly addressing the supervision of consolidated reports. Further, M Securities did not maintain or review consolidated reports as communications with customers and did not maintain or review the supporting documents related to assets and asset values entered manually by registered representatives in the consolidated reports. In response, M Securities created WSPs addressing the use and dissemination of consolidated reports by its registered representatives. The WSPs included M Securities' requirements for review and approval before submitting of consolidated reports to firm customers or prospective customers, and prohibited the dissemination of consolidated reports unless and until approval was provided by M Securities.

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

**M Holdings Securities, Inc.:** In addition to M Holdings Securities, Inc. being an RIA, our firm is a FINRA-member BD. M Securities is authorized to operate in all 50 states and has Financial Professionals throughout the United States. Most Financial Professionals also offer brokerage services of direct securities accounts as registered representatives of M Securities. Certain management personnel of our firm are also separately licensed as registered representatives of M Securities. Financial Professionals acting as registered representatives of M Securities as a BD transact business in various types of securities, including mutual funds, stocks, bonds, alternative investments, variable life insurance, variable annuities, real estate investment trusts and other investment products. These are typically transaction-based commissionable products that generate revenue to M Securities and the Financial Professional. Additionally, some products offer ongoing distributor fees or 12b-1 fees that are shared between M Securities and the Financial Professional. Before engaging with a Financial Professional, clients should understand the differences between advisory services and commission-based offerings to determine which account or product type meets their needs. For additional information please review the M Securities Form CRS. While M Securities Financial Professionals endeavor at all times to put the interest of the Clients first, Clients should be aware that the receipt of additional compensation itself creates a conflict of interest, and may affect the judgment of these individuals when making recommendations.

**M Wealth:** We are affiliated with M Wealth, which is wholly owned by our parent company, M Financial Group, and offers investment management services as a sub-advisor to M Securities and other independent RIAs that are owned or controlled by registered representatives or Financial Professionals of M Securities. Our Financial Professionals may recommend M Wealth as a sub-advisor when appropriate for the Client. An incentive, and therefore a potential conflict of interest, exists to offer the management services of M Wealth as opposed to other RIA managers since many Financial Professionals or their Member Firms have an ownership stake in M Financial Group. Please see Item 14 for more information regarding the manner in which compensation could ultimately find its way to a Financial Professional through the client selecting M Wealth to manage their assets.

**MFIA and M Funds:** We are affiliated with M Financial Investment Advisors (“MFIA”) and M Funds, Inc. (“M Funds”). MFIA is wholly owned by our parent company, M Financial Group, and it serves as the RIA to M Funds, an open-ended mutual fund company registered with the SEC. M Securities, as BD, is the distributor for M Funds. M Funds are not sold directly to the general public, but instead are offered as an underlying investment option within variable life and annuity policies issued by certain insurance companies or through qualified pension and retirement plans. The use of M Funds in such variable policies are only available to M Securities clients.

An incentive exists to recommend insurance products that offer M Funds and to recommend the use of M Funds subaccounts within these products, as opposed to other insurance products and subaccounts, because many Financial Professionals and their Member Firms have an ownership stake in M Financial Group. Please see item 14 for more information regarding the manner in which compensation could ultimately find its way to a Financial Professional through the Client selecting M Funds as a subaccount within an insurance policy.

**M Financial Securities Marketing, Inc.:** We are affiliated with M Financial Securities Marketing, Inc. (“MFSM”), a BD that is wholly owned by our parent company, M Financial Group. This entity does not have any securities clients, since its purpose is to receive BD marketing fees and overrides. No marketing fees related to investment advisory services are directly received by MFSM. However please see item 14 for more information regarding the manner in which compensation received by MFSM related to products held or purchased within the Program could ultimately find its way to a Financial Professional.

**M Benefit Solutions and M Insurance Services, Inc.:** We are affiliated with Management Compensation Group, Northwest, LLC, doing business as M Benefit Solutions (“M Benefit”) and M Insurance Services, Inc. (“MIS”), each of which is a licensed insurance agency and wholly owned by our parent company, M Financial Group. To the extent securities related insurance products are sold, they are executed through M Securities’ BD. Please see item 14 for more information regarding the manner in which compensation could ultimately find its way to a Financial Professional by the Client selecting M Benefit or MIS to purchase securities related products.



**M Life Insurance Company:** We are affiliated with M Life Insurance Company (“M Financial Re”), a life insurance company and wholly owned subsidiary of our parent company, M Financial Group which reinsures a portion of the mortality risk on some policies issued by unaffiliated insurance carriers and sold by Financial Professionals of Member Firms. Please see item 14 for more information regarding M Financial Group and M Financial Re.

**Unaffiliated Investment Advisors:** In situations where a Member Firm has formed an independently owned and operated RIA (“Indy RIA”), an M Securities Financial Professional may also be registered with that Indy RIA. These Financial Professionals may offer investment services through either M Securities or through the unaffiliated Indy RIA. M Securities will review and approve dual registration of such Financial Professionals and require disclosure of such dual registration within the Financial Professional’s ADV Form 2B, known as the Brochure Supplement, and on the Financial Professional’s Form U4. In these cases, Clients should be aware and understand which entity is offering and supervising the investment services being provided and are advised to review the Form ADV 2A of the unaffiliated RIA as well as the Brochure Supplement for the Financial Professional. Indy RIA is exclusively obligated to supervise activities of Financial Professionals when they are delivering Indy RIA services or soliciting clients to engage with Indy RIA. Such Financial Professionals are further required to disclose to Clients the capacity and which RIA they are representing in providing services to Clients.

We receive promoter fees related to unaffiliated RIAs we recommend to clients or prospects. In exchange for this recommendation, which is typically a percentage of the advisory fee charged by that RIA to the referred client, we receive the promoter fee. The portion of the advisory fee paid to M Securities does not increase the total advisory fee paid to the selected RIA by the client. As we will only recommend RIAs that will pay us a solicitor fee, the financial incentive creates a conflict of interest to refer business to RIAs that pay us a solicitor fee, and provides a further financial incentive to refer business to RIAs that will pay us the highest solicitor fee. Similarly, by referring you to an unaffiliated RIA, our Financial Professional and M Securities may earn more or less than if you used the Program. We address these conflicts of interest through this disclosure to you, and through the review of promoter arrangements by M Securities supervisory personnel. As applicable, M Securities will comply with Rule 206(4)-1 of the Advisers Act and all Federal and State laws.

M Securities will also enter into promoter agreements pursuant to which it compensates third-party unaffiliated RIAs for client referrals that result in clients using M Securities advisory services. These arrangements will be disclosed to such clients and any promoter agreements will comply with Rule 206(4)-1 under the Advisers Act.

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

M Securities has adopted a code of ethics (“Code”) which sets forth high ethical standards of business conduct. The Code is intended to reflect the fiduciary principles that govern the conduct of M Securities Financial Professionals, employees, and all who are associated with providing advisory services on our behalf (together “Associated Persons”). It is our duty to comply with applicable federal and state securities laws and regulations governing RIAs. M Securities and our Financial Professionals 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 to the general principles that guide the Code.

Among other things, our Code covers and includes policies and rules of conduct governing:

- No Associated Person may put his or her own interest above the interest of an advisory client.
- Clients will be provided full and fair disclosure of all conflicts of interest and compensation.
- We prohibit the personal or professional use of material non-public information or information received as a result of providing advisory services, unless the information is also available to the investing public.

- Personal securities trading activities in the accounts of Associated Persons will be monitored.
- Associated Person may not trade ahead of advisory clients in their personal accounts or otherwise benefit from transactions placed on behalf of advisory accounts.
- Associated Persons must seek and receive pre-approval for private placement investments and for opening accounts at other financial institutions, and are prohibited from participating in any initial public offering.
- Guidelines for sampling the holdings and transactions of Associated Persons to detect any possible violation of our personal securities policies.
- Requirements and procedures for the maintenance of all required books and records.
- The ability for clients to decline to implement any advice rendered, except in situations where our firm is granted discretionary authority, and the ability to allow clients to request reasonable restriction on their accounts.
- The delivery to, and acknowledgement of, the Code by each supervised person of M Securities, and established policies related to the oversight, enforcement and reporting of Code violations to our senior management.

A copy of our Code is available to our advisory clients and prospective clients. You may request a copy by email at [MHScompliance@mfin.com](mailto:MHScompliance@mfin.com), or by calling us at 888.520.6784.

**Participation or Interest in Client Transactions:** M Securities and/or its related companies and Associated Persons are allowed to buy or sell securities, or have an interest in or hold securities identical to or different from those recommended to our clients for their personal accounts. As this is a conflict of interest, it is M Securities' policy that no person associated with providing advisory services with M Securities may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, and thereby potentially benefiting from their transactions. Our Code includes guidelines regarding personal securities transactions by Associated Persons, which requires the periodic reporting of securities to assure that the personal securities transactions, activities, and interests of Associated Persons will not interfere with making decisions in the best interest of advisory clients while, at the same time, allowing them to invest for their own accounts. Trades by associated persons may be aggregated with client transactions, where possible, and when compliant with our duty to seek best execution for our clients. In these instances, all participants will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. In instances where there is a partial fill of a particular aggregated order, we will allocate all trades pro-rata with the average price.

Our internal supervisory procedures and compliance audit and sampling procedures are designed to detect potential breaches of conduct by a Financial Professional. As disclosed previously in this brochure, related persons of our firm are separately registered as registered representatives of M Securities' BD and they receive commissions as a result of establishing a BD account with the client and entering transactions on the client's behalf. Many of the transactions entered through the BD involve the purchase of securities related insurance products in addition to general securities products. Additionally, nearly all registered representatives of M Securities' BD and RIA are involved with insurance agencies that are independent from M Securities and sell insurance products that are not securities related.

## **Item 12 Brokerage Practices**

For all advisory services programs, M Securities requires that Clients establish brokerage accounts with a designated custodian we have contracted with for these Programs and services: Schwab, Pershing, or PAS. M Securities is also an introducing BD that provides brokerage services for advisory accounts. During the Account opening process, a Client requests M Securities to open a custodial account for the Client with Pershing. Clients may also request and complete additional paperwork to open a custodial account through Schwab or PAS.

The factors that we consider in selecting or recommending a BD for transactions in order to provide advisory services will depend largely on the type of advisory service or program that Client selects. Not all programs and services are

available through each custodian. Each custodian is a BD registered with the SEC, is a member of FINRA and SIPC, and will maintain custody of Clients' assets and effect trades for Client Accounts. We believe the BDs we have contracted with offer Clients financial strength and stability, economies of scale, and reliable technology. We comply with our duty of best execution by reviewing custodians regularly. Schwab, Pershing, and PAS do have differential pricing based on the transaction and security and differences in technology or reporting that may be relevant, depending on the anticipated use of securities or trading, or client preferences, and Clients should discuss these differences and Client's preferences with their Financial Professional.

**Insurance Advisory Services; Mutual Fund Discretionary Services; and TAMP Services:** Brokerage practices differ for these services, as the product provider will direct the custodian relationship. M Securities will generally become the BD of record or an authorized agent in order to effect transactions for Insurance Advisory and Mutual Fund services. For further information with respect to TAMP services and costs, see also the TAMP specific Client Agreement.

**Retirement Plan Services:** Retirement Plan Services can be provided at the custodian directed by the named fiduciary. A retirement or ERISA plan client may direct all or part of portfolio transactions for its account through a specific BD in order to obtain goods or services on behalf of the plan. Such direction is permitted provided that the goods and services provided are reasonable expenses of the plan incurred in the ordinary course of its business for which it otherwise would be obligated and empowered to pay. ERISA prohibits directed brokerage arrangements when the goods or services purchased are not for the exclusive benefit of the plan.

**Soft Dollar Benefits:** As discussed herein, M Securities receives research, products and/or services from BDs that we utilize in our programs ("Soft Dollars"). To open an M Securities advisory account and participate in our programs, Clients must utilize the BDs we have selected for our programs and services. M Securities has a conflict of interest as it uses client brokerage commissions, or markups or markdowns, to obtain research or other products or services. Because M Securities receives a benefit it does not have to produce or pay to obtain the research, products or services. As such, M Securities has an incentive to select or recommend the BDs we have selected for our programs and services based on our interest in receiving the research or other products or services, rather than clients' interest in receiving most favorable execution. In using Soft Dollar Benefits, we may cause clients to pay commissions, or markups or markdowns, higher than those charged by other BDs in return for the Soft Dollar benefits. M Securities uses soft dollar benefits to service all of our clients' accounts. We do not seek to allocate Soft Dollar benefits to client accounts proportionately to the soft dollar credits the account generates.

As a result of our relationship with Pershing, M Securities has access, without charge, to Pershing's NetX360 software and website which provides access to Client Account records and facilitates the execution and review of Client transactions. M Securities has contracted with Schwab to provide access to Schwab sponsored programs and open Schwab advisory accounts. Schwab provides M Securities with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to RIAs on an unsolicited basis, at no charge to them so long as the RIA's Clients maintain accounts at Schwab that meet Schwab's asset requirement level. Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment. Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related fees executed through Schwab or asset-based fees for holdings at Schwab. Schwab Institutional also makes available other products and services that benefit M Securities but may not directly benefit our Clients' accounts. Many of these products and services may be used to service all or a substantial number of our Client accounts, including accounts not maintained at Schwab.

Pershing, Schwab and Pershing Advisor Solutions, LLC's products and services that assist us in managing and administering our Clients' accounts include software and other technology that:



- provide access to client account data (such as trade confirmations and account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- provide research, pricing and other market data;
- facilitate payment of our fees from clients' accounts;
- assist with back-office functions, recordkeeping and client reporting;
- provide compliance, legal and business consulting;
- give access to publications and conferences on practice management and business succession;
- provide access to employee benefits providers, human capital consultants and insurance providers.

Custodians may make available, arrange and/or pay third-party vendors for the types of services rendered to M Securities. A Custodian may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to M Securities. A Custodian may also provide other benefits such as educational events or occasional business entertainment of our personnel.

In evaluating whether to recommend or require that Clients custody their assets at Pershing, Schwab or PAS, we will take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors we consider, and not solely the nature, cost or quality of custody and brokerage services provided, which may create a potential conflict of interest. Please note that while our Financial Professionals do not receive commissions or marketing fees from any custodian, the custodian may receive commissions, or asset based fees depending upon the product selected and the pricing structure provided. Program services are generally not contingent on any specific amount of business. There is no charge to M Securities for these services at this time. However, the Client may pay commissions higher than those charged by other brokers in return for such products and services provided to M Securities. Clients do not directly pay for any of the soft dollar benefits described above, which we use with all client accounts when and as we deem appropriate.

**Best Execution:** M Securities requires that clients execute transactions for their Accounts through the BDs we have vetted for programs and advisory services. As described in this brochure, including in Items 4, 5, and 12, M Securities has certain conflicts of interest with respect to the BDs we have selected for our programs and advisory services. M Securities will comply with its fiduciary duty to seek best execution of Client transactions and consider other relevant factors concerning a BD, such as:

- The BD's facilities, reliability, expertise, level of back office support and financial condition;
- The BD's ability to effect transactions, particularly with regard to such aspects as timing, order size and ability to obtain best execution;
- Research and related brokerage services provided to M Securities, although an individual Client would not be the beneficiary of these services;
- Any other relevant factors including a Client's request to use a particular BD.

**Principal Transactions:** In connection with trading bonds for Clients, prime brokerage trading will occasionally take place to facilitate certain bond transactions. In such cases, M Securities acts as Principal in these transactions. In order to mitigate any conflicts regarding principal transactions, M Securities does not charge a commission on these types of trades, and M Securities will review transaction blotters in order to monitor for such activity.

**Order Aggregation:** M Securities typically encourages our Financial Professionals and trading partners to aggregate Client orders, per our order aggregation policy where possible and advantageous to Clients and when compliant with our duty to seek best execution for our clients. Order aggregation permits for the fair treatment of all Clients participating in the order, so that no one Client is disadvantaged for the benefit of another Client. When block trading occurs, aggregated orders may be executed at different prices during the trading day. When the order is complete, all

Clients participating in the order will receive the average share price of all the orders. Should an order receive a partial execution, the shares will be distributed pro-rata at the average price among the participants, and in a consistent manner to avoid partial shares. Transaction costs are shared equally and on a pro-rated basis among all participating Accounts included in any block trade, and may not reduce Client's overall transaction costs, depending on the custodian executing the order. Some of our programs are traded by Envestnet or Sub-Advisors, and for those programs, Envestnet or the appointed Sub-Advisor will be responsible for aggregation of orders. Aggregate orders entered by Envestnet or a Sub-Advisor may include the accounts of other Financial Professionals and accounts of associated persons of M Securities. For further information with respect to Envestnet's or a Sub-Advisor's order aggregation policies and practices, please see Envestnet or the respective Sub-Advisor's Form ADV Part 2A brochures.

Our policy does not require Financial Professionals to aggregate or block trade orders. This can create a conflict of interest for M Securities and the Financial Professional, who must decide which Client order to place first. Depending upon the security and market movement, among other things, this can result in one Client receiving better price execution over another Client. M Securities monitors transaction blotter activity and will investigate transactions involving multiple Client transactions within the same securities on the same day.

**Trade Corrections:** On occasion, M Securities, a custodian, or platform provider may cause a trading error to occur in a Client Account. When this happens, we will work to process the correction so that the Client is not affected by the error and has the results of the transaction originally intended. For accounts held with Pershing, where M Securities is responsible for the error, M Securities will absorb the loss or gain that may result from this corrective action. For accounts held with Schwab, Schwab will absorb the gain that may result from the corrective action and charge M Securities for losses over \$100. Retaining gains which otherwise could be given to a Client is a conflict of interest which we address through this disclosure to you. For all other errors, the party responsible for the error will absorb the loss or gain that may result from the corrective action, including errors caused by Clients.

## **Item 13      Review of Accounts**

### **INVESTMENT MANAGEMENT ACCOUNTS**

M Securities, through its Supervisory Principals, and Financial Professional are responsible for reviewing Client's Account on an on-going basis to ensure that the securities held and the transactions conducted on the Client's behalf are suitable based upon the Client's stated objective and risk tolerance. M Securities is responsible for reviewing Client's Account on an on-going basis to ensure holdings and transactions are conducted in a manner that meets regulatory requirements. M Securities and Financial Professional review Client Account forms and other required documentation to ensure that all information required to be collected from the Client is on file and that it is complete. Financial Professional will determine whether the positions and strategies are consistent with stated investment objectives when reviewing Accounts, will monitor Accounts on an ongoing basis, and may conduct reviews at different frequencies, but no less than annually. Clients are allowed to request a review of their Accounts at any time. Financial Professionals are responsible for conducting independent research and analysis on securities and ETFs they recommend or use with Clients. Financial Professionals are further restricted to an approved product list for certain products such as, but not limited to, alternative investment products, opened ended and closed ended mutual funds, in which M Securities or Financial Professional has also conducted due diligence. Financial Professionals are responsible for considering existing Client holdings and pending orders prior to entering each transaction on behalf of the Client. Clients should notify their Financial Professional of any material changes to their financial condition, investment objectives, personal circumstances or other Client Information that could affect the overall investment goals and strategies or the investment advice provided or investment decisions made by the Financial Professional. Supervisory Principals at M Securities will review accounts for suitability prior to opening. M Securities also reviews accounts using risk-based criteria that may include trading activity and concentration.

In certain programs, Financial Professionals have the ability to hire and fire sub-advisors and investment managers who



directly manage Client assets, while in other Programs, Client must grant the Financial Professional authority to hire and fire sub-advisors. In either scenario, M Securities or the Sub-Advisor has discretion to manage the Client assets. M Securities, Envestnet, or the applicable custodian will provide initial due diligence reviews on Sub-Advisors and third-party asset managers or TAMP providers. Where M Securities relies on due diligence conducted by another party, M Securities has reviewed that due diligence process as acceptable. M Securities does not review the performance of Sub-Advisors or third-party money managers.

Clients will receive monthly or quarterly statements from their Custodian, depending upon the activity in the Account(s). Statements will have information pertaining to the holdings, balances and activity, which will include Program Fee fees and other costs or expenses deducted from the Account. Clients should review their statements carefully as it is their official statement and will prevail as to other documents or reports that may be provided. Some Programs and services will provide a performance report for the Client to review, which are for information purposes regarding performance and holdings. M Securities does not validate information or data provided on such supplemental reports. Clients should review supplemental performance reports for accuracy against their Custodial statement.

## **RETIREMENT CONSULTING SERVICES**

M Securities' Supervisory Principals will review the required Agreement and other required paperwork to ensure that all information required is collected from the Client and is complete, that fees agreed upon meet M Securities' requirements, that the description of the services to be provided is clearly stated, and that services provided are appropriately documented. During audits of Financial Professionals and their Member Firm location, M Securities will sample Client files to ensure that information used during the proposal of services is appropriate. The plan, or other work product, will be reviewed to ensure that it was either generated from an approved analytic tool, or, if it was not generated from an approved planning tool, that the content is not exaggerated, misleading, or otherwise meets M Securities' and SEC guidelines, and that Agreements are complete, and that sampled files contain required documents. Retirement Consulting Clients will receive reports as contracted for at the inception of the advisory relationship.

## **FINANCIAL PLANNING/CONSULTING AND CO-ADVISORY SERVICES**

M Securities' Supervisory Principals review the Financial Planning/Consulting Agreement Co-Advisory Agreement and other required paperwork to ensure that: all information required is collected from the Client and is complete; that fees agreed upon are substantiated by the work to be completed; that the description of the services to be provided is clearly stated; and that services provided are appropriately documented. During audits of Financial Professionals and their Member Firm location, M Securities will sample Client files to ensure that information is on file and is complete. The financial plan, or other work product, developed for a Client will be reviewed to ensure that it was either generated from an approved financial planning tool or plan template that has been reviewed and approved for use with Clients. Written materials that are not generated through a financial planning tool are reviewed to ensure content is not exaggerated, misleading, or otherwise meets M Securities' and SEC guidelines. Financial Planning/Consulting and Co-Advisory Clients will receive a completed financial plan or other work product or services as negotiated directly between the Financial Professional and the Client. Additional reports will not typically be provided unless otherwise contracted.

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

#### **CLIENT REFERRALS**

M Securities can elect to enter into agreement where we will pay referral fees to independent persons or firms ("Promoters") for introducing Clients to M Securities. Whenever M Securities pays a referral fee, we require the Promoter to provide the prospective Client with a separate disclosure statement that includes the information required



by the Advisers Act and rules and regulations thereunder. As a matter of best practice, M Securities does not increase the advisory fees paid by Clients referred to us by a Promoter, for provision of our investment advisory services and provides a disclosure to the client regarding the same.

## **ADDITIONAL COMPENSATION**

M Securities offers a broad range of options to our investment advisory clients through access to multiple product sponsors and service providers, including insurance companies, mutual funds, private investment funds, alternative investments, wrap programs, asset allocation programs, separate account managers and BDs (together, “Investment Providers”).

Certain Investment Providers provide revenue sharing arrangements or fee payments to M Securities or MFSM that are separate from the fee M Securities’ charges to Clients for providing investment advisory services. All revenue and/or fee payments received by M Securities or MFSM are retained at the M Securities or MFSM firm level to help defray marketing and business costs, such as training and educating, investment conferences, meals, entertainment, provider due diligence, sales and marketing, and administrative costs. Revenues beyond our expenses are retained as profit. The method of calculation and the amount of revenue sharing or fees paid by each Investment Provider varies and is subject to change at any time.

Clients should be aware that revenue sharing arrangements and/or fee payments received from Investment Providers create potential conflicts of interest for M Securities and our Financial Professionals. Such fees, to defray costs or as profit, minimize our expenses and increase our profits. To mitigate this conflict, M Securities does not directly share these fees with the Financial Professionals who make the recommendations related to generating these fees. However, through dividends or other programs, Financial Professionals can receive them or a portion of them. M Securities also mitigates this conflict through this disclosure to you. Clients are encouraged to determine whether any conflicts of interest to M Securities or Financial Professional are relevant to investing with an Investment Provider, and are welcome to contact us for additional information.

### **Compensation from Pershing, LLC**

Pershing offers a No Transaction Fee (“NTF”) Fund program (“FundVest”) in lieu of clearing charges in which M Securities voluntarily participates. Pershing may receive negotiated servicing fees from participating mutual funds in this program and shares a portion of those fees with M Securities. When this occurs, M Securities does not share this additional revenue with Financial Professionals. However, Financial Professionals may be able to indirectly receive these fees or a portion of these fees through dividends or other programs described within this document. M Securities’ investment advisory Clients can find additional information about Pershing’s FundVest program in their Pershing New Account Disclosure. Clients should also be aware that NTF Funds typically carry higher ongoing expenses than many other Mutual Fund share classes. As such, NTF programs are typically best suited to smaller accounts and holdings. Clients should discuss with their Financial Professional whether using NTF Funds is best for their Account before investing.

Pershing, as custodian, will collect additional fees for services provided for, but not limited to, IRA maintenance fees, margin interest, Corestone Checking, and non-purpose loans, among other services; and shares a portion of those fees with M Securities. Clients should be aware that revenue sharing arrangements and/or fee payments received from Pershing create conflicts of interest for M Securities as it provides incentives for M Securities to recommend products or services from Pershing who make such payments to M Securities, as opposed to product or service providers who do not, even if that person’s product or service may be more suitable for a particular Client’s Account. M Securities does not share this additional revenue with Financial Professionals. However, Financial Professionals may be able to indirectly receive these fees or a portion of these fees through dividends or other programs described within this document.



**M Financial Group and its Member Firms**

M Securities is a wholly owned subsidiary of M Financial Group. M Financial Group and its subsidiaries, including M Securities, provide a variety of sales and support services to Member Firms, insurance carriers, and customers. Individuals associated with a Member Firm are not required to become registered with M Securities and may associate with a third-party BD or third-party RIA. However, if a Member Firm desires to sell proprietary insurance products (as the term is described below) that require a securities license, they are required to sell those products through M Securities or a third-party BD which has been approved by M Financial Group to sell such products. M Securities will only license individuals who are associated with M Financial Group or a Member Firm.

Member Firms are independently owned and managed financial service firms (other than M Benefit Solutions, a Member Firm wholly owned by M Financial Group), and are not agents of M Financial Group.

Member Firms, through appropriately licensed representatives of a BD or RIA as applicable, provide a broad range of financial products and services, primarily marketed to highly affluent clients, including:

- Life insurance
- Fixed and variable annuities
- Disability and Long Term Care insurance
- Employee benefits
- Mutual funds and private investment funds
- Investment advisory services
- Securities brokerage services
- Life settlements with respect to existing insurance contracts

Services to Member Firms: M Financial Group and its subsidiaries provide to Member Firms a variety of support services, including product design and marketing assistance and training for Member Firm employees and independent contractors, as well as access to securities-related products and services. M Financial Group (on behalf of unaffiliated financial service providers) has direct dealings with Member Firm clients at the request of a Member Firm, typically in conjunction with a Member Firm client presentation or proposal. M Financial Group may also engage in direct sales and service activity with clients referred to M Financial Group pursuant to strategic partnerships with financial institutions that utilize M Financial Group's expertise to serve the life insurance needs of their clients.

Aside from BD products and RIA Programs, which must be reviewed and approved by the BD and/or RIA the Financial Professional is associated with, Member Firms are free to offer products and services provided by other financial service providers and are not required to offer proprietary products or services designed or promoted by M Financial Group.

Sales and Services Direct to Customers: M Financial Group may also engage in direct sales and service activities with clients referred to M Financial Group pursuant to strategic partnerships with financial institutions that utilize M Financial Group's expertise to serve the life insurance needs of their clients. When such sales or services involve variable life insurance or other securities products, they are offered through M Securities.

Services to Insurance Carriers: M Financial Group provides marketing services to a select group of insurance carriers, including the Partner Carriers, Associate Carriers, and Specialty Carriers listed on the Carriers page of the M Financial Group website.

M Financial Group provides administrative and operational services through M Insurance Solutions, Inc. ("MIS"), a registered third-party administrator subsidiary of M Financial Group.

M Life Insurance Company (dba M Financial Re) (“M Financial Re”), a subsidiary of M Financial Group, reinsures a portion of the mortality risk on some policies issued by unaffiliated insurance carriers and sold by Member Firms.

Proprietary Insurance Products: M Financial Group develops life insurance products in conjunction with unaffiliated insurance companies, which products can be offered only through M Financial Group, its Member Firms and their affiliated producers. These products are designed using M Financial Group’s proprietary experience data (such as mortality, persistency, and policy size) derived from policies reinsured by M Financial Re. These proprietary products may include pricing advantages and other features that benefit the highly affluent clientele primarily marketed to by Member Firms.

When M Financial Re reinsures proprietary products, M Financial Group has direct access to policy experience data. This direct access facilitates active management of inforce business. With this data, M Financial Group can continuously monitor the service, experience, and performance of inforce business on behalf of producers and their clients. From time to time, policy experience data may result in pricing enhancements that apply to new sales. M Financial Group uses its influence to encourage insurance carriers to apply these improvements to inforce business as well. Since the first M Financial Group proprietary product was introduced in 1996 through approximately 2017, there have been fifty-four pricing enhancements for new sales, all of which were also applied to inforce policies. Although M Financial Group has had success encouraging insurance carriers to improve inforce policy performance in the past, carriers are not required to do so and accordingly this success may not continue in the future.

Ownership of M Financial Group: About 85% of M Financial Group shares are owned by or associated with Member Firms and some of their affiliated producers. As stockholders, they share in the profits of M Financial Group via periodic stock or cash dividends. A portion of the remaining shares are owned or controlled by some employees of M Financial Group or its affiliates. The ownership or control of shares is a potential conflict of interest for us as it incentivizes maximizing our compensation. We address this conflict through maintaining policies and procedures designed to assure Clients are recommended products or programs that are in their best interest, through this disclosure and through our Code.

M Financial Group also maintains a Member Firm Compensation Plan pursuant to which it annually distributes to Plan Participants (e.g., Member Firms or their producers) most of M Financial Group’s consolidated net cash profits. Although distributions under the Plan are, to some extent, averaged among the various Member Firms, lines of business, and cost centers of M Financial Group, a significant portion of Plan distributions are made in proportion to the revenue that a Member Firm generates and persistency of inforce insurance. Member Firms and producers do not receive credit under the Plan for business deriving from retirement accounts which are subject to ERISA. Compensating persistency of inforce business creates a conflict of interest where a client may be better served through considering a different insurance policy. We address this conflict through enforcement of our Code of Ethics and this disclosure to you.

Distributions of dividends and other compensation paid by M Financial Group to Member Firms or their producers are in addition to compensation paid to producers by unaffiliated insurance carriers and other financial service providers. Many Member Firms remit these distributions to their owners or individual producers (in some cases in proportion to business generated). Additionally, M Financial Group may provide benefits and non-cash compensation to Member Firms and their affiliated producers. These include, but are not limited to, subsidized expenses, meetings, and trips.

Sources of M Financial Group Revenues: M Financial Group derives its consolidated revenues from a variety of sources, including its Member Firms and unaffiliated insurance carriers and other financial service providers. The majority of these revenues come from two sources:

- “Override” compensation, including any revenue sharing, paid to M Financial Group or its subsidiaries by insurance carriers and other financial service providers on both proprietary and non-proprietary products. Override compensation is based upon such factors as aggregate policy premiums paid to a carrier from sales by all Member Firms, aggregate assets placed under financial management from sales by all Member Firms, and profits earned and/or services utilized from sales by all Member Firms. The amount of compensation varies among products and carriers. Most insurance-based products and some other products or services M Securities makes available for use by M Securities’ registered representatives or RIA representatives pay Override(s) to MFSM. We will also periodically consider products or services that do not provide overrides.
- Reinsurance profits (or, potentially, losses) from the mortality, investment, and persistency risks assumed by M Financial Re on certain proprietary and non-proprietary policies.

M Financial Group derives revenue from other sources as well, including:

- Annual membership fees paid by Member Firms to M Financial Group.
- Solicitation fees, 12b-1 fees, sales, and other forms of compensation paid to M Financial Group or its subsidiaries by financial service providers, including without limitation mutual funds and hedge funds that are investment options under variable insurance products sold by Member Firms.
- Investment advisory fees with respect to assets invested in the M Funds.
- Investment advisory fees for investment advisory services provided through RIA subsidiaries of M Financial Group.
- Brokerage fees or commissions for securities transactions executed by a BD subsidiary of M Financial Group.
- Arrangement fees for life settlements representing a percentage of the compensation paid to the broker arranging the settlement.
- Marketing or due diligence fees related to the ability to market to our Member Firms or their associated persons or to our initial or ongoing review of products or services we make available for sale or use.
- Administrative and service fees paid by Member Firms for particular services provided by M Financial Group such as compliance fees, software applications, or other services.
- TPA fees for administrative and operational services through MIS.

Compensation of Member Firms and Producers: The primary source of compensation for Member Firms and their producers is the traditional system of commissions and fees applicable to insurance agents, securities representatives and RIA representatives. In addition to the indirect compensation arrangements (described above) which Member Firms and their producers derive from membership in M Financial Group, Member Firms and producers typically receive from unaffiliated financial service providers some or all of the following compensation, as applicable:

- Commissions and other cash and non-cash compensation (sales incentives) paid by the unaffiliated insurance carriers with respect to products offered by the carrier.
- Renewal commissions from unaffiliated carriers for servicing and keeping in force policies previously purchased by clients.
- Commissions and fees for execution of securities transactions.
- Fees for providing investment advisory services.
- Percentage fees for facilitating settlements of existing life insurance contracts.

Compensation to Member Firms and their producers varies, depending upon, among other factors, the product type, the issuer, and the features and/or riders which are attached to the particular product.

The subsidiaries of M Financial Group are as follows: M Financial Re; M Administrative Services, LLC; Management Compensation Group, Northwest, LLC (dba M Benefit Solutions); M Holdings Securities, Inc.; M Financial Securities Marketing, Inc.; M Financial Investment Advisers, Inc.; M Financial Asset Management, Inc.; M Insurance Solutions, Inc.; M Financial Bermuda, Ltd.; and M Financial Global Services, Ltd. Additionally, M Fund, Inc., which is managed by MFIA, is considered an affiliated person of M Financial Group under certain laws or regulations.

M Securities and some Member Firms have entered into arrangements under which they receive compensation directly or indirectly from managers of funds available as investment options under certain private placement variable insurance contracts. Please contact M Securities or discuss with your Financial Professional whether such an arrangement is in place with respect to a specific product or service.

**Certain Potential Conflicts of Interest:** The culture of M Financial Group and its Member Firms is to serve the client. However, clients of Member Firms should be aware that the direct and indirect compensation arrangements involving M Financial Group and its subsidiaries and Member Firms, including without limitation those described in this summary create economic incentives which could influence recommendations for particular financial products or services (including proprietary products referenced above). These incentives include, but are not limited to, the following:

- Commissions or other compensation in respect of one particular financial service provider, product, investment, or service may exceed commissions or compensation payable in respect of a comparable provider, product, or service.
- Certain policy features or riders may involve commissions or compensation that differ from compensation payable in respect of “base” or standard contractual features.
- Products or services which provide revenue, including override commissions, potential reinsurance profits, and referral or other fees, to M Financial Group could indirectly provide incentives to producers to recommend such products over similar products or services which do not provide revenue to M Financial Group.

M Financial Group, its Member Firms, and its Member Firms’ clients benefit from open discussions concerning all aspects of products, services, and the compensation of producers. If you wish, your Member Firm will discuss with you the types of direct and indirect compensation applicable to particular products or services.

For a list of M Financial Group subsidiaries, and the names of financial services providers from which M Financial Group receives payments or fees or with which M Financial Re maintains reinsurance agreements, please go to [www.mfin.com/DisclosureStatement.htm](http://www.mfin.com/DisclosureStatement.htm).

### **Non-Cash Incentives**

Depending on production and service levels, Member Firms are allowed to designate individuals in their Member Firm to receive a structured educational, professional and vacation program sponsored by M Financial Group. This program creates a conflict of interest for Member Firms by providing incentive to increase sale of products or services, however, although no specific product or service is favored in this calculation, there is incentive to use products or services that offer higher levels of compensation per dollar invested or disincentivize the surrender or movement of assets. Although different products or services may provide differential incentive in this calculation, M Financial mitigates this conflict through obscuring the calculation methodology from Member Firms and through this disclosure, to you.

Additionally, some Investment Providers or custodians offer our Financial Professionals the ability to attend free or discounted due diligence and educational trips to educate them about products and services they offer. Financial Professionals are required to disclose these trips or meetings to M Securities and receive approval from us prior to attending. M Securities limits the reimbursement to the cost of attending the trip or meeting. Financial Professionals may also receive free or discounted technology so long as such support provides for the service of advisory business.

### **Outside Business Activities**

Financial Professionals are permitted to engage in certain approved outside business activities. In certain cases, a Financial Professional receives more compensation, benefits, and non-cash compensation through the outside business than through M Securities. Some Financial Professionals are accountants, real estate agents, insurance agents, tax preparers, or lawyers, and some Financial Professionals refer customers to other service providers and receive

referral fees. Outside activities, and any associated referral fees, are required to be disclosed to M Securities and possibly on the Financial Professional's ADV 2B, and with FINRA, if licensed.

### **Item 15 Custody**

M Securities is deemed to have custody of Client funds because certain Clients have provided limited written authorization to M Securities to transfer funds from a Client's account to a Client specified third party, when instructed to do so by the Client. This authority may be one time or ongoing through an executed standing letter of instruction with the custodian. Additionally, as M Securities has the ability to directly debit advisory fees from Client Accounts, we are deemed to have limited custody of client funds.

M Securities does not act as a qualified custodian. All investment advisory assets will be held by a qualified custodian, and Client will receive statements and confirmations from the qualified custodian where Client's assets are held, at least quarterly. Because the custodian does not calculate the amount of the fee to be deducted, it is important for Clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact M Securities directly if they believe that there may be an error in their statement, or if they did not receive such documents.

Financial Professionals can choose to provide account performance reports to Clients for purposes of discussing and reviewing Account performance and holdings. In the event a Financial Professional provides such a report directly to the Client, we urge the Client to carefully compare the information provided in the report with the account statement the Client receives from the qualified custodian for Client's Account to ensure that all transactions, holdings, and values are correct and current.

### **Item 16 Investment Discretion**

Clients may hire M Securities to provide discretionary asset management services, in which case the Financial Professional places trades on behalf of a Client's account without contacting the Client prior to each trade to obtain the Client's permission. Our discretionary authority includes the ability to do the following without contacting the Client:

- determine the security to buy or sell;
- determine the amount of the security to buy or sell; and/or
- determine the timing of any security bought or sold

A Client gives M Securities discretionary authority when the Client signs an Agreement with M Securities, or authorizes such discretion with the custodian, and Client may limit this authority by giving us written instructions. Clients may also change/amend such limitations by providing us with written instructions.

Financial Professionals with M Securities can manage portfolios directly, and also can offer investment advisory services involving management by third-party managers. Accordingly, Clients hiring M Securities to manage their portfolio directly may grant us the ability to buy and sell securities without separate authorization for each trade. In cases where our Clients have hired us to provide services that involve the discretionary management of subadvisors, the Client is required to grant us authority to hire and fire the selected subadvisor(s) managing the Client Account(s).

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

M Securities does not vote proxies on behalf of Clients. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the Client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients receive their proxies or other solicitations directly from their



custodian or a transfer agent. Clients are responsible for instructing each custodian to forward them copies of all proxies and shareholder communications relating to their investment assets. M Securities does not offer any consulting assistance to Clients regarding proxy issues. Some independent subadvisors may offer to vote proxies on behalf of Clients, please see the respective subadvisor's Form ADV Part 2A.

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

Under no circumstances does M Securities require or solicit payment of fees in excess of \$1,200 per Client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

In addition, we are required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. M Securities has no additional financial circumstances to report.

M Securities has never been the subject of a bankruptcy petition.