

**Brochure  
Form ADV Part 2A  
Item 1 - Cover Page**



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**March 18, 2024**

This Brochure provides information about the qualifications and business practices of Marmo Financial Group, LLC. If you have any questions about the contents of this Brochure, please contact us at (423) 282-0514 or [info@marmofinancial.com](mailto:info@marmofinancial.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state authority.

Marmo Financial Group, LLC is an investment advisory firm registered with the appropriate regulatory authority. Registration does not imply a certain level of skill or training. Additional information about Marmo Financial Group, LLC also is available on the SEC's website at [www.AdviserInfo.sec.gov](http://www.AdviserInfo.sec.gov).

## Item 2 Material Changes

This Brochure is prepared in the revised format required beginning in 2011. Registered Investment Advisers are required to use this format to inform clients of the nature of advisory services provided, types of clients served, fees charged, potential conflicts of interest and other information. The Brochure requirements include providing a Summary of Material Changes (the "Summary") reflecting any material changes to our policies, practices, or conflicts of interest made since our last required "annual update" filing. In the event of any material changes, such Summary is provided to all clients within 120 days of our fiscal year-end.

Since the filing of our last annual updating amendment, dated March 30, 2023, we have made the following material changes to our brochure:

- In Item 12, Item 14 and Item 15, we disclosed that we now recommend the brokerage and custodial services of Charles Schwab & Co., Inc. and have removed all references to our previous custodian, TD Ameritrade, Inc.

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## Item 4 Advisory Business

### Description of Firm

Marmo Financial Group, LLC is a registered investment adviser based in Johnson City, TN. We are organized as a limited liability company ("LLC") under the laws of the State of Tennessee. We have been providing investment advisory services since 04/01/2007. We are owned by Scott A. Marmo.

As of December 31, 2023, MFG managed \$225,940,649 on a discretionary basis, and \$29,406 assets on a non-discretionary basis.

### Types of Investments

We primarily offer advice on Mutual Funds & Exchange Trade Funds "ETF's". Refer to the Methods of Analysis, Investment Strategies and Risk of Loss below for additional disclosures on this topic.

## **SERVICES PROVIDED**

At the outset of each client relationship, MFG spends time with the client, asking questions, discussing the client's investment experience and financial circumstances, and broadly identifying major goals of the client.

Clients may elect to retain MFG to prepare a full financial plan as described below. This written report is presented to the client for consideration. In most cases, clients subsequently retain MFG to manage the investment portfolio on an ongoing basis.

For those financial planning clients making this election, and for other clients who do not need financial planning but retain MFG for portfolio management services, based on all the information initially gathered, MFG generally develops with each client:

- a financial outline for the client based on the client's financial circumstances and goals, and the client's risk tolerance level (the "Financial Profile" or "Profile"); and
- the client's investment objectives and guidelines (the "Investment Plan" or "Plan").

The Financial Profile is a reflection of the client's current financial picture and a look to the future goals of the client. The Investment Plan outlines the types of investments MFG will make or recommend on behalf of the client to meet those goals. The Profile and the Plan are discussed regularly with each client, but are not necessarily written documents.

### Financial Planning Services

One of the services offered by MFG is financial planning, described below. This service may be provided as a stand-alone service, or may be coupled with ongoing portfolio management.

Financial planning may include advice that addresses one or more areas of a client's financial situation, such as estate planning, risk management, budgeting and cash flow controls, retirement planning, education funding, and investment portfolio design. Depending on a client's particular situation, financial planning may include some or all of the following:

- Gathering factual information concerning the client's personal and financial situation;
- Assisting the client in establishing financial goals and objectives;
- Analyzing the client's present situation and anticipated future activities in light of the client's financial goals and objectives;
- Identifying problems foreseen in the accomplishment of these financial goals and objectives

- and offering alternative solutions to the problems;
- Making recommendations to help achieve retirement plan goals and objectives;
- Designing an investment portfolio to help meet the goals and objectives of the client;
- Providing estate planning;
- Assessing risk and reviewing basic health, life and disability insurance needs; or
- Reviewing goals and objectives and measuring progress toward these goals.

Financial plans are based on your unique financial situation at the time we present the plan to you, and based upon the financial information you provide to us. You must promptly notify our firm if your financial situation, goals, objectives, or needs change.

Once financial planning advice is given, the client may choose to have MFG implement the client's financial plan and manage the investment portfolio on an ongoing basis. However, the client is under no obligation to act upon any of the recommendations made by MFG under a financial planning engagement and/or to engage the services of any properly credentialed professional.

#### Portfolio Management

As described above, at the beginning of a client relationship, MFG meets with the client, gathers information and performs research and analysis as necessary to develop the client's Investment Plan. The Investment Plan will be updated from time to time when requested by the client, or when determined to be necessary or advisable by MFG based on updates to the client's financial or other circumstances.

To implement the client's Investment Plan, MFG will manage the client's investment portfolio on a discretionary basis. As a discretionary investment adviser, MFG will have the authority to supervise and direct the portfolio without prior consultation with the client.

Notwithstanding the foregoing, clients may impose certain written restrictions on MFG in the management of their investment portfolios, such as prohibiting the inclusion of certain types of investments in an investment portfolio or prohibiting the sale of certain investments held in the account at the commencement of the relationship. Each client should note, however, that restrictions imposed by a client may adversely affect the composition and performance of the client's investment portfolio. Each client should also note that his or her investment portfolio is treated individually by giving consideration to each purchase or sale for the client's account. For these and other reasons, performance of client investment portfolios within the same investment objectives, goals and/or risk tolerance may differ and clients should not expect that the composition or performance of their investment portfolios would necessarily be consistent with similar clients of MFG.

#### Small Account Services

MFG offers combined retirement income planning and portfolio management services for portfolios under \$50,000. Such services include ongoing management of the client's investment portfolio and a retirement planning consultation. Clients will also be provided access to certain MFG technology platforms to further assist with planning and monitoring of the client's portfolio.

#### Retirement Plan Advisory Services

MFG provides a broad range of comprehensive consulting services to employer sponsored retirement plans, including 401(k), pension and profit sharing plans (the "Plan(s)"). These services may include:

- Retirement plan design and communications;
- Retirement plan service provider search;
- Retirement plan investment advisory services, including: investment analysis, selection, implementation, and ongoing monitoring of plan investments; and

- Participant educational services and retirement education.

MFG may also provide additional types of administrative services to Plans on an individually negotiated hourly basis. All services, whether discussed above or customized for the Plan will be detailed in the written agreement with the Plan client.

Establishing a sound fiduciary governance process is vital to good decision-making and to ensuring that prudent procedural steps are followed in making investment decisions. MFG will provide Retirement Plan consulting services to Plans and Plan Fiduciaries as described below. The particular services provided will be detailed in the consulting agreement. The appropriate Plan Fiduciary(ies) designated in the Plan documents (e.g., the Plan sponsor or named fiduciary) will (i) make the decision to retain our firm; (ii) agree to the scope of the services that we will provide; and (iii) make the ultimate decision as to accepting any of the recommendations that we may provide. The Plan Fiduciaries are free to seek independent advice about the appropriateness of any recommended services for the Plan. Retirement Plan consulting services may be offered individually or as part of a comprehensive suite of services.

The Employee Retirement Income Security Act of 1974 ("ERISA") sets forth rules under which Plan Fiduciaries may retain investment advisers for various types of services with respect to Plan assets. For certain services, MFG will be considered a fiduciary under ERISA. For example, MFG will act as an ERISA § 3(21) fiduciary when providing non-discretionary investment advice to the Plan Fiduciaries by recommending a suite of investments as choices among which Plan Participants may select. Also, to the extent that the Plan Fiduciaries retain MFG to act as an investment manager within the meaning of ERISA § 3(38), MFG will provide discretionary investment management services to the Plan. With respect to any account for which MFG meets the definition of a fiduciary under Department of Labor rules, MFG acknowledges that both MFG and its Related Persons are acting as fiduciaries. Additional disclosure may be found elsewhere in this Brochure or in the written agreement between MFG and Client.

#### Fiduciary Consulting Services

- *Investment Selection Services*

MFG will provide Plan Fiduciaries with recommendations of investment options consistent with ERISA section 404(c). Plan Fiduciaries retain responsibility for the final determination of investment options and for compliance with ERISA section 404(c).

- *Non-Discretionary Investment Advice*

MFG may provide Plan Fiduciaries and Plan Participants general, non-discretionary investment advice regarding asset classes and investments.

- *Investment Monitoring*

MFG will assist in monitoring the plan's investment options by preparing periodic investment reports that document investment performance, consistency of fund management and conformation to the guidelines set forth in the investment policy statement and MFG will make recommendations to maintain or remove and replace investment options. The details of this aspect of service will be enumerated in the engagement agreement between the parties.

## Fiduciary Management Services

- *Discretionary Management Services*

When retained as an investment manager within the meaning of ERISA § 3(38), MFG provides continuous and ongoing supervision over the designated retirement plan assets. MFG will actively monitor the designated retirement plan assets and provide ongoing management of the assets. When applicable, MFG will have discretionary authority to make all decisions to buy, sell or hold securities, cash or other investments for the designated retirement plan assets in our sole discretion without first consulting with the Plan Fiduciaries. We also have the power and authority to carry out these decisions by giving instructions, on your behalf, to brokers and dealers and the qualified custodian(s) of the Plan for our management of the designated retirement plan assets.

- *Discretionary Investment Selection Services*

MFG will monitor the investment options of the Plan and add or remove investment options for the Plan without prior consultation with the Plan Fiduciaries. MFG will have discretionary authority to make and implement all decisions regarding the investment options that are available to Plan Participants.

- *Investment Management via Model Portfolios.*

MFG will provide discretionary management of Model Portfolios among which the participants may choose to invest as Plan options. Plan Participants will also have the option of investing only in options that do not include Model Portfolios (i.e., the Plan Participants may elect to invest in one or more of the mutual fund options made available in the Plan, and choose not to invest in the Model Portfolios at all).

## Non-Fiduciary Services

- *Participant Education*

MFG will provide education services to Plan Participants about general investment principles and the investment alternatives available under the Plan. Education presentations will not take into account the individual circumstances of each Plan Participant and individual recommendations will not be provided unless a Plan Participant separately engages MFG for such services. Plan Participants are responsible for implementing transactions in their own accounts.

- *Participant Enrollment*

MFG will assist with group enrollment meetings designed to increase retirement Plan participation among employees as well as investment and financial understanding by the employees.

## **IRA Rollover Recommendations**

Effective December 20, 2021 (or such later date as the US Department of Labor ("DOL") Field Assistance Bulletin 2018-02 ceases to be in effect), for purposes of complying with the DOL's Prohibited Transaction Exemption 2020-02 ("PTE 2020-02") where applicable, we are providing the following acknowledgment to you. When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);

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

We benefit financially from the rollover of your assets from a retirement account to an account that we manage or provide investment advice, because the assets increase our assets under management and, in turn, our advisory fees. As a fiduciary, we only recommend a rollover when we believe it is in your best interest.

## Item 5 Fees and Compensation

### General Fee Information

Fees paid to MFG are exclusive of all custodial and transaction costs paid to the client's custodian, brokers or other third party consultants. Please see **Item 12 - Brokerage Practices** for additional information. Fees paid to MFG are also separate and distinct from the fees and expenses charged by mutual funds, ETFs (exchange traded funds) or other investment pools to their shareholders (generally including a management fee and fund expenses, as described in each fund's prospectus or offering materials). The client should review all fees charged by funds, brokers, MFG and others to fully understand the total amount of fees paid by the client for investment and financial-related services.

### Portfolio Management Fees

MFG's normal annual fee schedule is set forth below.

<u>Assets under Management</u>	<u>Annual Fee</u>
First \$250,000	1.50%
Next \$500,000	1.35%
Next \$1,250,000	1.20%
Next \$3,000,000	1.05%
Balance above \$5,000,000	0.90%

There is no minimum annual fee for conventional investment advisory services. MFG, at its discretion, makes exceptions to the foregoing or negotiates special fee arrangements where MFG deems it appropriate under the circumstances.

Portfolio management fees are payable quarterly, in arrears (i.e., after services are rendered). Fees are calculated based on the average of the month end value of the account for the previous three months. If management begins after the start of a quarter, fees will be prorated accordingly. With client authorization and unless other arrangements are made, fees are normally debited directly from client account(s).

Either MFG or the client can terminate their Investment Management Agreement at any time, subject to any written notice requirements in the agreement. In the event of termination, any paid but unearned fees will be promptly refunded to the client based on the number of days that the account was managed, and any fees due to MFG from the client will be invoiced or deducted from the client's account prior to termination.



### Small Account Services

Small account services are offered for a fixed annual retainer fee that is individually negotiated with each client at the time of the engagement. Such fees are based, without limitation, on the size and complexity of the client's portfolio and the extent of retirement income planning services required. Fees are assessed quarterly, in arrears (i.e., after services are rendered), unless otherwise negotiated with the client.

Either MFG or the client can terminate their Small Account Services at any time, subject to any written notice requirements in the agreement. Any fees due to MFG from the client will be invoiced and payable prior to termination.

### Financial Planning Fees

For financial planning and special projects which do not require the continuous management services of MFG, fees are charged hourly at the rate of \$150 - \$200 per hour. These charges are invoiced monthly, in arrears (i.e., after services are rendered). The rate is not negotiable. For large projects or at client request, MFG may provide the client with an estimate prior to beginning work.

Financial planning fees are payable on completion of the contracted services, or as otherwise specified in the Financial Planning Agreement.

Either MFG or the client can terminate their Financial Planning Agreement at any time, subject to any written notice requirements in the agreement. Any fees due to MFG from the client will be invoiced and payable prior to termination.

We will not require prepayment of a fee more than six months in advance and in excess of \$1,200.

### Retirement Plan Advisory Fees

Retirement Plan Advisory Services fees are individually determined and agreed upon with the Plan fiduciary(ies) at the time of the engagement. Fees are typically based on the type of Plan, the services requested, the complexity of the Plan, and other factors. Where appropriate, MFG may agree to a fixed annual dollar amount, which is generally invoiced to the Plan sponsor. In other cases, MFG may charge an annual percentage fee based on plan assets under management, which is typically debited from Plan participant accounts. In either case, fees are assessed quarterly, in arrears (i.e., after services are rendered). The specific suite of services to be provided and applicable fees are set forth in the agreement with each Plan.

Hourly fees for additional administrative services are individually negotiated at the time of the engagement and are based on the scope and complexity of the services being provided. This compensation is separate from and in addition to the any fixed fees or asset-based fees. Hourly fees are payable monthly in arrears (i.e., after services are rendered).

Plan recordkeeping fees, third-party administrator fees, custody fees, trustee fees and any other third-party fees are in addition to fees charged by MFG. In addition, participants may also pay account related fees, such as loan processing and maintenance fees, distribution processing fees, and investment transaction fees.

The Plan and/or participants are also subject to the fees and expenses charged by the underlying mutual funds and other third-parties (see *General Fee Information* above). Plan fiduciaries are responsible for determining whether the combination of fees described above are reasonable in light of the services received from each party.

You may terminate the agreement upon 30 days written notice to our firm. You will incur a pro rate charge for services rendered prior to the termination of the agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client.

#### Other Compensation

Certain individuals of MFG are also licensed insurance agents and may receive commissions or other remuneration on the sale of insurance products which presents a conflict of interest. As such, these individuals are able to effect insurance transactions and will receive separate, yet customary compensation. To protect client interests, MFG's policy is to disclose all forms of compensation before any such transaction is executed. Under no circumstance will the client pay both a commission to these individuals and a management fee to MFG on the same pool of assets. Clients of MFG are under no obligation to purchase insurance from persons of MFG.

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

MFG does not have any performance-based fee arrangements. "Side-by-Side Management" refers to a situation in which the same firm manages accounts that are billed based on a percentage of assets under management and at the same time manages other accounts for which fees are assessed on a performance fee basis. Because MFG has no performance-based fee accounts, it has no side-by-side management.

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

MFG serves individuals, corporations, trusts, estates and pension plans. MFG does not generally impose a minimum portfolio value for conventional investment advisory services or a minimum fee.

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

#### Methods of Analysis

In accordance with the Investment Plan, MFG will primarily invest in mutual funds and ETFs for client accounts. MFG may also recommend investments in individual stocks, bonds and REITs on a more limited basis.

MFG may use fundamental analysis when making selections of individual stocks for client portfolios. Fundamental analysis involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company's industry. The resulting data is used to measure the true value of the company's stock compared to the current market value.

Fixed income investments may be used as a strategic investment, as an instrument to fulfill liquidity or income needs in a portfolio, or to add a component of capital preservation. MFG will generally evaluate and select individual bonds or bond funds based on a number of factors including, without limitation, rating, yield and duration.

Mutual funds and ETFs are generally evaluated and selected based on a variety of factors, including, without limitation, past performance, fee structure, portfolio manager, fund sponsor, overall ratings for safety and returns, and other factors.

To assist MFG's own analysis, MFG subscribes to the fi360 Toolkit, inclusive of its Fiduciary scoring service. The fi360 Fiduciary Score is a peer percentile ranking of an investment against a set of investments meeting the quantitative due diligence criteria selected to reflect prudent fiduciary

management. The criteria include total returns, risk-adjusted returns, expenses and other portfolio statistics. The Toolkit also includes an Asset Allocation Optimizer and robust Investment Analyzer designed to assist MFG with managing and documenting a prudent investment process.

#### Investment Strategies:

MFG's strategic approach is to invest each portfolio in accordance with the Plan that has been developed specifically for each client. MFG is generally a long term investor, meaning that securities are purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.

#### Risk of Loss

While MFG seeks to diversify clients' investment portfolios across various asset classes consistent with their Investment Plans in an effort to reduce risk of loss, all investment portfolios are subject to risks. Accordingly, there can be no assurance that client investment portfolios will be able to fully meet their investment objectives and goals, or that investments will not lose money.

Below is a description of several of the principal risks that client investment portfolios face and investors must be prepared to bear.

*Management Risks.* While MFG manages client investment portfolios based on MFG's experience, research and proprietary methods, the value of client investment portfolios will change daily based on the performance of the underlying securities in which they are invested. Accordingly, client investment portfolios are subject to the risk that MFG allocates client assets to individual securities and/or asset classes that are adversely affected by unanticipated market movements, and the risk that MFG's specific investment choices could underperform their relevant indexes.

*Risks of Investments in Mutual Funds, ETFs and Other Investment Pools.* As described above, MFG may invest client portfolios in mutual funds, ETFs and other investment pools ("pooled investment funds"). Investments in pooled investment funds are generally less risky than investing in individual securities because of their diversified portfolios; however, these investments are still subject to risks associated with the markets in which they invest. In addition, pooled investment funds' success will be related to the skills of their particular managers and their performance in managing their funds. Pooled investment funds are also subject to risks due to regulatory restrictions applicable to registered investment companies under the Investment Company Act of 1940.

*Equity Market Risks.* MFG may invest portions of client assets directly into equity investments, primarily in pooled investment funds that invest in the stock market. As noted above, while pooled investments have diversified portfolios that may make them less risky than investments in individual securities, funds that invest in stocks and other equity securities are nevertheless subject to the risks of the stock market. These risks include, without limitation, the risks that stock values will decline due to daily fluctuations in the markets, and that stock values will decline over longer periods (e.g., bear markets) due to general market declines in the stock prices for all companies, regardless of any individual security's prospects.

*Fixed Income Risks.* MFG may invest portions of client assets directly into fixed income instruments, such as bonds and notes, or may invest in pooled investment funds that invest in bonds and notes. While investing in fixed income instruments, either directly or through pooled investment funds, is generally less volatile than investing in stock (equity) markets, fixed income investments nevertheless are subject to risks. These risks include, without limitation, interest rate risks (risks that changes in interest rates will devalue the investments), credit risks (risks of default by borrowers), or maturity risk (risks that bonds or notes will change value from the time of issuance to maturity).

*Foreign Securities Risks.* MFG may invest portions of client assets into pooled investment funds that invest internationally. While foreign investments are important to the diversification of client investment portfolios, they carry risks that may be different from U.S. investments. For example, foreign investments may not be subject to uniform audit, financial reporting or disclosure standards, practices or requirements comparable to those found in the U.S. Foreign investments are also subject to foreign withholding taxes and the risk of adverse changes in investment or exchange control regulations. Finally, foreign investments may involve currency risk, which is the risk that the value of the foreign security will decrease due to changes in the relative value of the U.S. dollar and the security's underlying foreign currency.

## **Item 9 Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of MFG or the integrity of MFG's management. MFG has no disciplinary events to report.

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

Certain individuals of MFG are also licensed insurance agents. In providing financial planning and other related advisory services, these individuals may recommend the purchase of products under circumstances where they would be entitled to receive a commission or other compensation in the transaction. In all such circumstances, the client will be notified of this payment in advance of the transaction, and under no circumstances will the client pay both a commission to these individuals and a management fee to MFG on the same pool of assets.

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

### Code of Ethics and Personal Trading

MFG has adopted a Code of Ethics ("the Code"), the full text of which is available to you upon request. MFG's Code has several goals. First, the Code is designed to assist MFG in complying with applicable laws and regulations governing its investment advisory business. Under the Investment Advisers Act of 1940, MFG owes fiduciary duties to its clients. Pursuant to these fiduciary duties, the Code requires persons associated with MFG (managers, officers and employees) to act with honesty, good faith and fair dealing in working with clients. In addition, the Code prohibits such associated persons from trading or otherwise acting on insider information.

Next, the Code sets forth guidelines for professional standards for MFG's associated persons. Under the Code's Professional Standards, MFG expects its associated persons to put the interests of its clients first, ahead of personal interests. In this regard, MFG associated persons are not to take inappropriate advantage of their positions in relation to MFG clients.

Third, the Code sets forth policies and procedures to monitor and review the personal trading activities of associated persons. From time to time, MFG's associated persons may invest in the same securities recommended to clients. Under its Code, MFG has adopted procedures designed to reduce or eliminate conflicts of interest that this could potentially cause. The Code's personal trading policies include procedures for limitations on personal securities transactions of associated persons, reporting and review of such trading and pre-clearance of certain types of personal trading activities. These policies are designed to discourage and prohibit personal trading that would disadvantage clients. The Code also provides for disciplinary action as appropriate for violations.

### Participation or Interest in Client Transactions

As outlined above, MFG has adopted procedures to protect client interests when its associated persons invest in the same securities as those selected for or recommended to clients. In the event of any identified potential trading conflicts of interest, MFG's goal is to place client interests first.

Neither MFG nor any persons associated with MFG has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this brochure.

Consistent with the foregoing, MFG maintains policies regarding participation in initial public offerings ("IPOs") and private placements in order to comply with applicable laws and avoid conflicts with client transactions. If a MFG associated person wishes to participate in an IPO or invest in a private placement, he or she must submit a pre-clearance request and obtain the approval of the Chief Compliance Officer.

Finally, if associated persons trade with client accounts (i.e., in a bundled or aggregated trade), and the trade is not filled in its entirety, the associated person's shares will be removed from the block, and the balance of shares will be allocated among client accounts in accordance with MFG's written policy.

## **Item 12 Brokerage Practices**

### Best Execution and Benefits of Brokerage Selection

We recommend the brokerage and custodial services of Charles Schwab & Co., American Funds 529 Platform, iShares 529 Platform, Jefferson National, an affiliate of Nationwide, Broadridge Business Process Outsourcing, LLC and Vanguard (whether one or more "Custodian"). Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. In recognition of the value of the services the Custodian provides, you may pay higher commission and/or trading costs than those that may be available elsewhere.

When given discretion to select the brokerage firm that will execute orders in client accounts, MFG seeks "best execution" for client trades, which is a combination of a number of factors, including, without limitation, quality of execution, services provided and commission rates. Therefore, MFG may use or recommend the use of brokers who do not charge the lowest available commission in the recognition of research and securities transaction services, or quality of execution. Research services received with transactions may include proprietary or third party research (or any combination), and may be used in servicing any or all of MFG's clients. Therefore, research services received may not be used for the account for which the particular transaction was effected.

### **The custodian and brokers we use - Charles Schwab (Schwab)**

We do not maintain custody of your assets that we manage or on which we advise, although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account (see Item 15—Custody, below). Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. We require that our clients use Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, as the qualified custodian, when investing in the Adviser's model portfolios.

We are independently owned and operated and are not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we recommend that you use Schwab as custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. Conflicts of interest associated with this arrangement are described below as well as in Item 14 (Client referrals and other compensation). You should consider these conflicts of interest when selecting your custodian.

We do not open the account for you, although we may assist you in doing so. Not all advisors require their clients to use a particular broker-dealer or other custodian selected by the advisor. Even though your account is maintained at Schwab, and we anticipate that most trades will be executed through Schwab, we can still use other brokers to execute trades for your account as described below (see "Your brokerage and custody costs").

### **How we select brokers/custodians**

We seek to use Schwab, a custodian/broker that will hold your assets and execute transactions. When considering whether the terms that Schwab provides are, overall, most advantageous to you when compared with other available providers and their services, we take into account a wide range of factors, including:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds ("ETFs"), etc.)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength, security and stability
- Prior service to us and our clients
- Services delivered or paid for by Schwab
- Availability of other products and services that benefit us, as discussed below (see "Products and services available to us from Schwab")

### **Your brokerage and custody costs**

For our clients' accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. Certain trades (for example, many mutual funds and ETFs) may not incur Schwab commissions or transaction fees. Schwab is also compensated by earning interest on the uninvested cash in your account in Schwab's Cash Features Program. Schwab charges you a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account.

We are not required to select the broker or dealer that charges the lowest transaction cost, even if that broker provides execution quality comparable to other brokers or dealers.

Although we are not required to execute all trades through Schwab, we have determined that having Schwab execute most trades is consistent with our duty to seek "best execution" of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see "How we select brokers/custodians"). By using another broker or dealer you may pay lower transaction costs.

**Products and services available to us from Schwab**

Schwab Advisor Services™ is Schwab's business serving independent investment advisory firms like us. They provide us and our clients with access to their institutional brokerage services (trading, custody, reporting, and related services), many of which are not typically available to Schwab retail customers. However, certain retail investors may be able to get institutional brokerage services from Schwab without going through us.

Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. Schwab's support services are generally available on an unsolicited basis (we don't have to request them) and at no charge to us. Following is a more detailed description of Schwab's support services:

**Services that benefit you.** Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets.

The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

**Services that do not directly benefit you.** Schwab also makes available to us other products and services that benefit us but do not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts and operating our firm. They include investment research, both Schwab's own and that of third parties. We use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting

Services that generally benefit only us. Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology and business needs
- Consulting on legal and related compliance needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers
- Marketing consulting and support

Schwab provides some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab also discounts or waives its fees for some of these services or pays all or a part of a third party's fees. Schwab also provides us with other benefits, such as occasional business entertainment of our personnel. If you did not maintain your account with Schwab, we would be required to pay for these services from our own resources.

Some of the products and services made available by Schwab may benefit MFG but may not directly benefit its client accounts. These products or services may assist MFG in managing and administering client accounts, including accounts not maintained at Charles Schwab. Other services made available by Schwab are intended to help MFG manage and further develop its business enterprise. The benefits received by MFG or its personnel do not depend on the amount of brokerage transactions directed to Schwab. As part of its fiduciary duties to clients, MFG endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by MFG or its related persons in and of itself creates a potential conflict of interest and may indirectly influence MFG's choice of Schwab for custody and brokerage services.

### **Our Interest in Schwab's Services**

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services. These services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. The fact that we receive these benefits from Schwab is an incentive for us to recommend the use of Schwab rather than making such a decision based exclusively on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a conflict of interest. We believe, however, that taken in the aggregate, our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services (see "How we select brokers/ custodians") and not Schwab's services that benefit only us.

### Directed Brokerage

MFG does not generally allow directed brokerage accounts.

### Aggregated Trade Policy

MFG typically directs trading in individual client accounts as and when trades are appropriate based on the client's Investment Plan, without regard to activity in other client accounts. However, from time to time, MFG may aggregate trades together for multiple client accounts, most often when these accounts are being directed to sell the same securities. If such an aggregated trade is not completely filled, MFG will allocate shares received (in an aggregated purchase) or sold (in an aggregated sale) across participating accounts on a pro rata or other fair basis; provided, however, that any participating accounts that are owned by MFG or its officers, directors, or employees will be excluded first.

### Trade Errors

When MFG causes a trade error, it takes prompt action to resolve the error with the objective to return the client's account to the position that it would have been if there had been no error. MFG pays to correct an error and reimburses a client for any loss resulting from the error. Clients do not retain any gains resulting from the correction of a trade error. At the end of each day, any net gains from trade corrections will be swept to a specially designated account by the account custodian and will subsequently be distributed to charity.

### **Mutual Fund Share Classes**

Mutual funds are sold with different share classes, which carry different cost structures. Each available share class is described in the mutual fund's prospectus. When we purchase, or recommend the purchase of, mutual funds for a client, we select the share class that is deemed to be in the client's best interest, taking into consideration cost, tax implications, and other factors. When the fund is available for purchase at net asset value, we will purchase, or recommend the purchase of, the fund at net asset value. We also review the mutual funds held in accounts that come under our management to determine whether a more beneficial share class is available, considering cost, tax implications, and the impact of contingent deferred sales charges.



## Item 13 Review of Accounts

Managed portfolios are reviewed at least quarterly, but may be reviewed more often if requested by the client, upon receipt of information material to the management of the portfolio, or at any time such review is deemed necessary or advisable by MFG. These factors generally include but are not limited to, the following: change in general client circumstances (marriage, divorce, retirement); or economic, political or market conditions. MFG's President and Chief Compliance Officer reviews all accounts.

Account custodians are responsible for providing monthly or quarterly account statements which reflect the positions (and current pricing) in each account as well as transactions in each account, including fees paid from an account. Account custodians also provide prompt confirmation of all trading activity, and year-end tax statements, such as 1099 forms. Managed Portfolio reports that include a summary of portfolio holdings and performance results are available at the request of the client.

## Item 14 Client Referrals and Other Compensation

### **Charles Schwab & Co., Inc - Institutional**

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Schwab. We benefit from the products and services provided because the cost of these services would otherwise be borne directly by us, and this creates a conflict. You should consider these conflicts of interest when selecting a custodian. These products and services, how they benefit us, and the related conflicts of interest are described above (see Item 12—Brokerage Practices).

As described in **Item 5 - Fees and Compensation** and **Item 10 - Other Financial Industry Activities and Affiliations**, persons providing investment advice on behalf of our firm are licensed insurance agents. For information on the conflicts of interest this presents, and how we address these conflicts, refer to these areas of the brochure.

MFG has entered into arrangements with third parties ("Solicitors") to identify and refer potential clients to MFG. Consistent with legal requirements under the Investment Advisers Act of 1940, as amended, MFG enters into written agreements with Solicitors under which, among other things, Solicitors are required to disclose their compensation arrangements to prospective clients before such clients enter into an agreement with MFG.

If you were referred to our firm by a Solicitor, you should have received a copy of this brochure along with the Solicitor's disclosure statement at the time of the referral. If you become a client, the Solicitor that referred you to our firm will receive a percentage of the advisory fee you pay our firm for as long as you are a client with our firm, or until such time as our agreement with the Solicitor expires. You will not pay additional fees because of this referral arrangement.

## Item 15 Custody

MFG is deemed to have constructive custody of clients' assets because MFG can withdraw fees from clients' accounts. MFG does not have physical custody of clients' funds and/or securities. Clients' funds and/or securities will be held with a bank, broker-dealer, or other independent, qualified custodian. Schwab maintains actual custody of your assets.

Charles Schwab & Co., is the custodian of nearly all client accounts at MFG. It is the custodian's responsibility to provide clients with confirmations of trading activity, tax forms and at least quarterly account statements. Clients are advised to review this information carefully, and to notify MFG of any questions or concerns. Clients are also asked to promptly notify MFG if the custodian fails to provide statements on each account held.

From time to time and in accordance with MFG's agreement with clients, MFG will provide additional reports. The account balances reflected on these reports should be compared to the balances shown on the brokerage statements to ensure accuracy. At times there may be small differences due to the timing of dividend reporting, pending trades or other similar issues.

## **Item 16 Investment Discretion**

As described in **Item 4 - Advisory Business**, MFG will accept clients on a discretionary basis. For *discretionary accounts*, a Limited Power of Attorney ("LPOA") is executed by the client, giving MFG the authority to carry out various activities in the account, generally including the following: securities to be bought or sold for a client's account; amount of securities to be bought or sold for a client's account; broker or dealer to be used for a purchase or sale of securities for client's account; commission rates to be paid to broker or dealer for a client's securities transactions; the ability to request checks on behalf of the client; and, the withdrawal of advisory fees directly from the account. MFG then directs investment of the client's portfolio using its discretionary authority. The client may limit the terms of the LPOA to the extent consistent with the client's investment advisory agreement with MFG and the requirements of the client's custodian.

## **Item 17 Voting Client Securities**

As a policy and in accordance with MFG's client agreement, MFG does not vote proxies related to securities held in client accounts. The custodian of the account will normally provide proxy materials directly to the client. Clients may contact MFG with questions relating to proxy procedures and proposals; however, MFG generally does not research particular proxy proposals.

## **Item 18 Financial Information**

MFG does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore has no disclosure required for this item.

## **Item 19 Requirements for State-Registered Advisers**

We are a federally registered investment adviser; therefore, we are not required to respond to this item.

## Item 20 Additional Information

### Trade Errors

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account.

### Class Action Lawsuits

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.

### IRA Rollover Considerations

As part of our investment advisory services to you, we may recommend that you withdraw the assets from your employer's retirement plan and roll the assets over to an individual retirement account ("IRA") that we will manage on your behalf. If you elect to roll the assets to an IRA that is subject to our management, we will charge you an asset based fee as set forth in the agreement you executed with our firm. This practice presents a conflict of interest because persons providing investment advice on our behalf have an incentive to recommend a rollover to you for the purpose of generating fee based compensation rather than solely based on your needs. You are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by our firm.

Many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, you should consider the costs and benefits of:

1. Leaving the funds in your employer's (former employer's) plan.
2. Moving the funds to a new employer's retirement plan.
3. Cashing out and taking a taxable distribution from the plan.
4. Rolling the funds into an IRA rollover account.

Each of these options has advantages and disadvantages and before making a change we encourage you to speak with your CPA and/or tax attorney.

If you are considering rolling over your retirement funds to an IRA for us to manage here are a few points to consider before you do so:

1. Determine whether the investment options in your employer's retirement plan address your needs or whether you might want to consider other types of investments.
  - a. Employer retirement plans generally have a more limited investment menu than IRAs.
  - b. Employer retirement plans may have unique investment options not available to the public such as employer securities, or previously closed funds.
2. Your current plan may have lower fees than our fees.
  - a. If you are interested in investing only in mutual funds, you should understand the cost structure of the share classes available in your employer's retirement plan and how the costs of those share classes compare with those available in an IRA.
  - b. You should understand the various products and services you might take advantage of at an IRA provider and the potential costs of those products and services.

3. Our strategy may have higher risk than the option(s) provided to you in your plan.
4. Your current plan may also offer financial advice.
5. If you keep your assets titled in a 401k or retirement account, you could potentially delay your required minimum distribution beyond age 73.
6. Your 401k may offer more liability protection than a rollover IRA; each state may vary.
  - a. Generally, federal law protects assets in qualified plans from creditors. Since 2005, IRA assets have been generally protected from creditors in bankruptcies. However, there can be some exceptions to the general rules so you should consult with an attorney if you are concerned about protecting your retirement plan assets from creditors.
7. You may be able to take out a loan on your 401k, but not from an IRA.
8. IRA assets can be accessed any time; however, distributions are subject to ordinary income tax and may also be subject to a 10% early distribution penalty unless they qualify for an exception such as disability, higher education expenses or the purchase of a home.
9. If you own company stock in your plan, you may be able to liquidate those shares at a lower capital gains tax rate.
10. Your plan may allow you to hire us as the manager and keep the assets titled in the plan name.

It is important that you understand the differences between these types of accounts and to decide whether a rollover is best for you. Prior to proceeding, if you have questions contact your investment adviser representative, or call our main number as listed on the cover page of this brochure.