



MarksGroup

WEALTH MANAGEMENT

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The Marks Group Wealth Management Wrap Program

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This wrap fee program brochure provides information about the qualifications and business practices of Marks Group Wealth Management, Inc (hereinafter "MGWM"). If you have any questions about the contents of this brochure, please contact us at (952) 582-6100 or erica.lewerenz@marksgroup.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

Additional information about MGWM also is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 148679.

Item 2 Material Changes

Since MGWM's last update dated March 21, 2023, there have been no material changes made to this Wrap Fee Program Brochure.

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Item 4 Services Fees and Compensation

Services

MGWM is a SEC-registered investment adviser with its principal place of business located in Minnesota. MGWM has been in business since November 2008.

Bennett E. Marks is the firm's principal shareholder (i.e., individuals and/or entities controlling 25% or more of MGWM).

The Marks Group Wealth Management Wrap Program (the "Program") is an investment advisory program sponsored by MGWM. The Program provides clients with the ability to trade in certain investment products without incurring separate brokerage commissions or transaction charges.

To join the Program, a client must:

- 1) Complete an investor profile that describes the client's financial needs, investment objectives, time horizon, and risk tolerance, as well as any other factors relevant to the client's specific financial situation and any other supporting documentation the Program requires;
- 2) Complete the investment advisory wrap fee agreement (the "Agreement") with MGWM;
- 3) Complete a new account agreement with National Financial Services LLC and Fidelity Brokerage Services LLC (together with affiliates "Fidelity"), Schwab Advisor Services™ ("Schwab"), or another broker dealer MGWM approves for participation in the Program ("*Financial Institution*"); and
- 4) Open a securities brokerage account with the *Financial Institution* and deposit those assets designated for participation in the Program into the account.

After an analysis of any information provided by the client to MGWM, MGWM assists the client in developing an appropriate investment strategy for the assets in their accounts. Thereafter, all clients are encouraged to discuss their needs, goals, and objectives with MGWM and to keep MGWM informed of any changes thereto. MGWM contacts ongoing clients at least annually to review its previous services and/or recommendations and to determine whether changes should be made to their investment strategy.

Management of Your Portfolio

All clients in the Program grant MGWM discretionary authority to buy, sell, and otherwise trade in the type of securities described in Item 6, below for their accounts and to liquidate previously-purchased securities that the client has transferred to their Accounts. Assets designated for a particular investment strategy (each a "Portfolio") are managed by one of MGWM's investment professionals.

MGWM recommends that certain clients authorize the active discretionary management of a portion of the assets by and/or among one or more independent investment managers (hereafter "Independent Managers") to implement a particular investment strategy. The terms and conditions under which the client engages the Independent Managers are set forth in a separate written agreement between MGWM

or the client and the designated Independent Managers. MGWM continues to render advisory services to the client relative to the ongoing monitoring and review of account performance, for which MGWM receives an annual advisory fee based upon a percentage of the market value of the assets managed by the designated Independent Managers. Factors that MGWM considers in recommending Independent Managers include the client's stated investment objectives, management style, performance, reputation, financial strength, reporting, pricing, and research. In addition to MGWM's written disclosure brochure and/or wrap fee brochure, the client receives the written disclosure brochure of the designated Independent Managers.

Additionally, MGWM has entered into a Subadvisory Agreement with Running Oak Capital LLC ("ROCL") an investment adviser registered with the Securities and Exchange Commission, independent of MGWM. Through this contractual relationship, ROCL provides investment subadvisory services for the Marks Group Core Equity Portfolio strategy ("MGCEP"). The MGCEP will be managed in the same manner as ROCL's Efficient Growth Equity Strategy ("REGS"). ROCL will continue to provide advisory services to its existing clients as well as procure new clients. Clients whose assets are advised according to the MGCEP will receive ROCL's disclosure brochure(s) and Privacy Notice. MGWM will oversee ROCL's advisory activities conducted on behalf of MGWM's clients, act as the communication conduit between clients and ROCL, and have authority to hire and fire ROCL.

Fees

Fees for the Program

Clients in the Program pay a single annualized fee for participation in the Program (the "*Program Fee*"). The *Program Fee* is prorated and charged quarterly in advance, based upon the market value of the assets being managed by MGWM under the Program on the last day of the previous quarter. The *Program Fee* varies (between 0.15% and 2.00%) depending upon the market value of the assets under management.

MGWM, in its sole discretion, may negotiate to charge a lesser *Program Fee* based upon certain criteria (e.g., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, *pro bono* activities, etc.). Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

Fee Comparison

Under the Program, clients receive both investment advisory services and the execution of transactions for a single, combined annualized fee, the Program Fee. Participation in the Program may cost the client more or less than purchasing such services separately. The number of transactions made in the client's accounts, as well as the commissions charged for each transaction, determines the relative cost of the Program versus paying for execution on a per transaction basis and paying a separate fee for advisory services. The Program Fee may be higher or lower than fees charged by other sponsors of comparable investment advisory programs. Because MGWM pays for the brokerage fees for certain accounts managed through the Program, MGWM has an incentive to engage in less transactions, or transactions that cost less to MGWM, including the use of mutual funds that do not have transaction charges, but have higher expenses to the client. MGWM reviews the frequency and type of investments made in client accounts to act in the client's best interest.

Other Charges

In addition to the *Program Fee* paid to MGWM, clients may also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions. These additional charges may include fees charged by the *Independent Managers* (as described below), charges imposed directly by a mutual fund or ETF in a client's account, as disclosed in the fund's prospectus (e.g., fund Program Fees and other fund expenses), fees and commission for assets not held with the Financial Institutions offered in the Program, such as 401(k) or 529 plan assets as well as for fees for trades executed away from the Financial Institutions offered in the Program (a conflict of interest exists where the firm avoids expenses by trading through a different Financial Institution), mark-ups and mark-downs on fixed-income transactions which cannot be paid by the Firm (or it is overly burdensome to determine the amount of such mark-ups / downs), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, clients who do not elect electronic delivery of statements may be charged an additional fee for paper mailings.

ERISA Accounts

MGWM is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income Security Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, MGWM may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which our firm and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset MGWM's advisory fees.

Advisory Fees in General

Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

Limited Prepayment of Fees

Under no circumstances do we require or solicit payment of fees in excess of \$1200 more than six months in advance of services rendered.

Item 5 Account Requirements and Types of Clients

Types of Clients

MGWM provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Pension and profit sharing plans (other than plan participants)
- Charitable organizations
- Corporations or other businesses not listed above

Minimum Account Size

As a condition for participating in the Program, MGWM imposes a minimum portfolio size of \$1,000,000. MGWM, in its sole discretion, may accept clients with smaller portfolios based upon certain criteria including anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, and pro bono activities. MGWM only accepts clients with less than the minimum portfolio size if, in the sole opinion of MGWM, the smaller portfolio size will not cause a substantial increase of investment risk beyond the client's identified risk tolerance. MGWM may aggregate the portfolios of family members to meet the minimum portfolio size.

Additionally, certain Independent Managers impose more restrictive account requirements and varying billing practices than MGWM. In such instances, MGWM may alter its corresponding account requirements and/or billing practices to accommodate those of the Independent Managers.

Item 6 Portfolio Manager Selection and Evaluation

Advisory Business

MGWM acts as the sponsor and portfolio manager to the Program. Certain wrap programs involve the services of multiple parties in these capacities, which may involve additional conflicts of interest that the sponsor would be required to disclose in this section. MGWM has no disclosures to make under this section.

Prior to engaging MGWM to provide any of the foregoing investment advisory services, the client is required to enter into one or more agreements with MGWM setting forth the terms and conditions under which MGWM renders its services.

Performance-Based Fees and Side-by-Side Management

MGWM does not provide any services for performance-based fees. Performance-based fees are those based on a share of capital gains on or capital appreciation of the assets of a client.

Methods of Analysis, Investment Strategies and Risk of Loss

Investment Strategies

The focus of our investment management services are the six following investment strategies. All strategies are actively managed and consist of securities with daily liquidity.

- (1) **Core Equity** - Our flagship strategy incorporates highly disciplined security selections of large and mid-cap individual common stocks of high-quality U.S. companies that are exhibiting characteristics for efficient growth.

- (2) **Tactical Equity** - Designed to complement Core Equity, this strategy is a less constrained, more opportunistic approach that focuses on “stalwart stocks” with shareholder-oriented management teams.
- (3) **Equity Income** - This portfolio of dividend-paying securities prioritizes both current income and long-term capital appreciation. A more value-oriented strategy, this complements our growth strategies well.
- (4) **International Equity** - A non-US equity portfolio comprised of ETFs offering exposure to both developed and emerging markets, along with strategic allocations to various investment styles and specific global sectors.
- (5) **Fixed Income** - Carefully constructed, high-quality, low duration, individual corporate or municipal bond portfolios, with laddered maturities designed to weather any interest rate environment.
- (6) **Mutual Funds** - A portfolio of institutional share-class, open-ended mutual funds built to offer full diversification across multiple asset classes and managed to reflect our current economic outlook.

Methods of Analysis

MGWM primarily employs fundamental and technical methods of investment analysis.

Fundamental analysis involves the fundamental financial condition and competitive position of a company. MGWM will analyze the financial condition, capabilities of management, earnings, new products and services, as well as the company’s markets and position amongst its competitors in order to determine the recommendations made to clients. The primary risk in using fundamental analysis is that while the overall health and position of a company may be good, market conditions may negatively impact the security.

Technical analysis involves the analysis of past market data rather than specific company data in determining the recommendations made to clients. Technical analysis may involve the use of charts to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. The primary risk in using technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that MGWM will be able to accurately predict such a reoccurrence.

In addition, when selecting an Independent Manager for a client, MGWM will perform due diligence in selecting the Independent Manager, which will include the review of the Independent Manager’s disclosure statement and other material supplied by the Independent Manager and/or third parties concerning the Independent Manager’s investment strategies, past performance and risk results to the extent possible.

Risks of Loss

Mutual Funds and Exchange Traded Funds (ETFs)

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of open-end mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per-share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a closed-end mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

Market Risks

All securities, particularly individual equity and debt securities, are subject to market volatility, economic factors and certain other market risks. The success of an investment may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that MGWM will be able to predict those price movements accurately.

Use of Independent Managers

MGWM may recommend the use of *Independent Managers* for certain clients. MGWM will continue to do ongoing due diligence of such managers, but such recommendations relies, to a great extent, on the *Independent Managers* ability to successfully implement their investment strategy. In addition, MGWM does not have the ability to supervise the *Independent Managers* on a day-to-day basis other than as previously described in response to Item 4, above.

Management Through Similarly Managed Accounts

MGWM primarily manages client portfolios among various securities on a discretionary basis using one or more of its proprietary investment strategies (collectively referred to as "*investment strategy*"). In so doing, MGWM buys, sells, exchanges and/or transfers securities based upon the *investment strategy*.

MGWM's management using the *investment strategy* complies with the requirements of Rule 3a-4 of the Investment Company Act of 1940, as amended. Rule 3a-4 provides similarly managed accounts, such as the *investment strategy*, with a safe harbor from the definition of an investment company.

The *investment strategy* may involve an above-average portfolio turnover that could negatively impact upon the net after-tax gain experienced by an individual client. Securities in the *investment strategy* are usually exchanged and/or transferred without regard to a client's individual tax ramifications. Certain investment opportunities that become available to MGWM's clients may be limited. For example, various mutual funds may limit the ability of MGWM to buy, sell, exchange or transfer securities consistent with its *investment strategy*. MGWM allocates investment opportunities among its clients on a fair and equitable basis.

Use of Margin

To the extent that a client authorizes the use of margin, and margin is thereafter employed by MGWM in the management of the client's investment portfolio, the market value of the client's account and corresponding fee payable by the client to MGWM will not be increased.

While the use of margin borrowing can substantially improve returns, such use may also increase the adverse impact to which a client's portfolio may be subject. Borrowings will usually be from securities brokers and dealers and will typically be secured by the client's securities and/or other assets. Under certain circumstances, such a broker-dealer may demand an increase in the collateral that secures the client's obligations and if the client were unable to provide additional collateral, the broker-dealer could liquidate assets held in the account to satisfy the client's obligations to the broker-dealer. Liquidation in that manner could have extremely adverse consequences. In addition, the amount of the client's borrowings and the interest rates on those borrowings, which will fluctuate, will have a significant effect on the client's profitability.

General Risk of Loss

Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

Voting of Client Securities

MGWM is required to disclose if it accepts authority to vote client securities. MGWM accepts the authority to vote a client's securities (i.e., proxies) on their behalf. When MGWM accepts such responsibility, it will cast proxy votes only in a manner it believes consistent with the best interest of its clients. At any time clients may contact the Firm to request information about how MGWM voted proxies for that client's securities. A brief summary of MGWM's proxy voting policies and procedures is as follows:

- The Firm has engaged Broadridge Financial Solutions ("Broadridge"), a third-party, independent proxy advisory firm, to provide it with research, analysis, and recommendations on the various proxy proposals for the client securities that MGWM manages with the aim of maximizing shareholder value.
- In engaging Broadridge for that purpose, MGWM has reviewed Broadridge's proxy voting guidelines for the current proxy voting season and has approved the summary of Broadridge's positions on the voting positions it recommends for the types of proposals most frequently presented, including:

election and composition of directors; financial reporting; compensation of management and directors; corporate governance structure and anti-takeover measures; and environmental and social risks to operations. MGWM is in agreement with the approach Broadridge has set forth in its current proxy voting guidelines for voting proxies.

- Although MGWM, based on its approval of the positions in the proxy voting guidelines, expects to vote proxies according to Broadridge's recommendations, certain issues may need to be considered on a case-by-case basis due to the diverse and continually evolving nature of corporate governance issues. If such cases should arise, then MGWM will devote appropriate time and resources to consider those issues.

Where MGWM is responsible for voting proxies on behalf of a client, the client cannot direct the Firm's vote on a particular solicitation. The client, however, can revoke MGWM's authority to vote proxies. In situations where there is a conflict of interest in the voting of proxies due to business or personal relationships that MGWM maintains with persons having an interest in the outcome of certain votes, the Firm will take appropriate steps, whether by following Broadridge's third-party recommendation or otherwise, to ensure that proxy voting decisions are made in what it believes is the best interest of its clients and are not the product of any such conflict.

Item 7 Client Information Provided to Portfolio Managers

MGWM acts as the sponsor and portfolio manager to the Program. Certain wrap programs involve the services of multiple parties in these capacities. In those circumstances, the sponsor is required to disclose how and what type of information about client that it provides to portfolio managers. MGWM has no disclosures to make under this section.

Item 8 Client Contact With Portfolio Managers

There are no restrictions on a clients' ability to contact and consult with MGWM regarding the *Program* or their account.

Clients may contact *Independent Managers* through MGWM by providing MGWM with written request and identification of the questions or issues to be discussed with the *Independent Managers*. After receiving the client's written request MGWM, at its sole discretion, contacts the *Independent Managers* for the client or arranges for the *Independent Managers* and the client to communicate directly.

Item 9 Additional Information

Disciplinary Information

MGWM is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. MGWM does not have any required disclosures to this Item.

Other Financial Industry Activities and Affiliations

MGWM is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons. Such relationships and arrangements are described below.

Receipt of Insurance Commission

Certain of MGWM's Supervised Persons, in their individual capacities, are also licensed insurance agents with various insurance companies, and in such capacity, recommend, on a fully-disclosed commission basis, the purchase of certain insurance products. While MGWM does not sell such insurance products to its investment advisory clients, MGWM does permit its Supervised Persons, in their individual capacities as licensed insurance agents, to sell insurance products to its investment advisory clients. Clients, however, are not under any obligation to purchase such products. The implementation of any or all recommendations is solely at the discretion of the client.

A conflict of interest exists to the extent that MGWM recommends the purchase of insurance products where MGWM's Supervised Persons receive insurance commissions or other additional compensation. MGWM endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser; we take the following steps to address this conflict:

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

Fees from Independent Managers

As discussed above, MGWM recommends that certain clients authorize the active discretionary management of a portion of their assets by and/or among certain Independent Managers. The

Independent Managers are not affiliated with MGWM, and their fees are separate from those charged by MGWM. Such fees will be disclosed to clients upon engagement of the Independent Manager.

Subadviser Relationship

As described in Item 4 above, MGWM utilizes the services of ROCL through the Subadvisory Agreement to manage all or a portion of clients' assets dedicated to a particular investment strategy. Any advisory decisions made by ROCL pursuant to the Subadvisory Agreement are executed (or traded) by MGWM's employees for MGWM's clients, not directly by ROCL, and are subject to MGWM's Trade Aggregation and Allocation Policy. ROCL is not affiliated with MGWM, and clients' fees payable to MGWM are not impacted by MGWM's determination to utilize ROCL.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

MGWM and persons associated with MGWM ("Associated Persons") are permitted to buy or sell securities that it also recommends to clients consistent with MGWM's policies and procedures.

MGWM has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws ("Code of Ethics"). In accordance with Section 204A of the Investment Advisers Act of 1940, as amended (the "Advisers Act"), its Code of Ethics contains written policies reasonably designed to prevent the unlawful use of material non-public information by MGWM or any of its associated persons. The Code of Ethics also requires that certain of MGWM's personnel (called "Access Persons") report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

As specifically permitted in MGWM's Code of Ethics, its Access Persons may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the Access Person) any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of MGWM's clients. However, when MGWM is purchasing or considering for purchase any security on behalf of a client, no Access Person may effect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security. Similarly, when MGWM is selling or considering the sale of any security on behalf of a client, no Access Person may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security. These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

MGWM and individuals associated with our firm are prohibited from engaging in principal transactions or agency cross transactions.

As disclosed in the preceding section, related persons of our firm are separately licensed as an insurance agent/broker of various insurance companies. Please refer to that section for a detailed explanation of these relationships and important conflict of interest disclosures.

Clients and prospective clients may contact MGWM by telephone at the number listed on the cover page of this Disclosure Brochure to request a copy of MGWM's Code of Ethics.

Review of Accounts

MGWM monitors assets as part of an ongoing process while account reviews are conducted regularly.

Clients are provided with transaction confirmation notices and regular summary account statements directly from the Financial Institutions for assets.

Client Referrals and Other Compensation

In the event a client is introduced to MGWM by either an unaffiliated or an affiliated promoter, the Firm may pay that promoter a referral fee in accordance with applicable state securities laws. Unless otherwise disclosed, any such referral fee is paid solely from MGWM's investment management fee and does not result in any additional charge to the client. If the client is introduced to the Firm by an unaffiliated promoter, the client will receive all required disclosures, including those related to any compensation and conflicts of interest. Any affiliated promoter of MGWM is required to disclose their affiliation with MGWM at the time of the referral unless such affiliation is readily apparent.

Receipt of Economic Benefit and Brokerage Practices

As discussed above, in Item 5, MGWM recommends that clients utilize the brokerage and clearing services of Fidelity and Schwab. Factors which MGWM considers in recommending Fidelity, Schwab, or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. The commissions and/or transaction fees charged by Fidelity or Schwab may be higher or lower than those charged by other *Financial Institutions*.

As set forth above, under the Program, clients receive both investment advisory services and the execution of transactions for a single, combined annualized fee, the Program Fee. For client's accounts custodied at Schwab and Fidelity, MGWM absorbs the cost for the execution of fixed income and mutual fund transactions under the Program. Accordingly, there is a conflict of interest to the extent that MGWM may have an incentive not to place transaction orders in client's accounts for client's accounts custodied at Schwab and Fidelity, because doing so increases MGWM's transaction costs for client's accounts custodied at Schwab and Fidelity under the Program. MGWM periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution.

In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a Financial Institution's services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. MGWM seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist MGWM in its investment decision-making process. Such research generally will be used to service all of MGWM's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing

that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because MGWM does not have to produce or pay for the products or services.

Software and Support Provided by Financial Institutions

MGWM receives from Financial Institutions, without cost to MGWM, computer software and related systems support, which allow MGWM to better monitor client accounts maintained at Financial Institutions. MGWM receives the software and related support without cost because MGWM renders investment management services to clients that maintain assets at Financial Institutions. The software and support is not provided in connection with securities transactions of clients (i.e. not "soft dollars"). As set forth below, certain software and related systems support may benefit MGWM, but not its clients directly. In fulfilling its duties to its clients, MGWM endeavors at all times to put the interests of its clients first. Clients should be aware, however, that MGWM's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence MGWM's choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

Services that Benefit Clients

Financial Institutions may provide access to investment products, execution of securities transactions, and custody of client assets. The investment products available through *Financial Institutions* include some to which MGWM might not otherwise have access or that would require a significantly higher minimum initial investment by MGWM's clients. The services described in this paragraph generally benefit clients or their accounts.

Services that May Not Directly Benefit Clients

Financial Institutions also makes available to MGWM other products and services that benefit MGWM but may not directly benefit clients or their accounts. These products and services assist MGWM in managing and administering clients' accounts. They include investment research. MGWM may use this research to service all or some substantial number of clients' accounts. In addition to investment research, *Financial Institutions* may also make available software and other technology that:

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

Financial Institutions may also make available other services intended to help MGWM manage and further develop its business enterprise. These services include:

- educational conferences and events;
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants, and insurance providers.

Financial Institutions may provide some of these services themselves. In other cases, they will arrange for

third-party vendors to provide the services to MGWM. *Financial Institutions* may also discount or waive their fees for some of these services or pay all or a part of a third party's fees.

Financial Information

MGWM does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of providing its advisory or financial planning services. In addition, MGWM is required to disclose any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. MGWM has no disclosures pursuant to this Item.