

## **McADAM LLC**

*a Registered Investment Adviser*

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March 29, 2024

This brochure provides information about the qualifications and business practices of McAdam LLC (hereinafter “McAdam” or the “Firm”). If you have any questions about the contents of this brochure, please contact the Firm at this telephone number listed above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. Additional information about the Firm is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The Firm is a registered investment adviser. Registration does not imply any level of skill or training.



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## **Item 2. Material Changes**

In this Item, McAdam is required to discuss any material changes that have been made to the brochure since the last annual amendment. While certain information has been updated, the Firm has not made any material changes to the content of the brochure since its last Annual Amendment filing, made on February 25, 2023.

McAdam's Chief Compliance Officer, Edward O'Brien, remains available to address any questions regarding any of the below content on this Brochure.



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## Item 3. Table of Contents

Item 2. Material Changes .....	2
Item 3. Table of Contents .....	3
Item 4. Advisory Business .....	4
Item 5. Fees and Compensation .....	12
Item 6. Performance-Based Fees and Side-by-Side Management .....	14
Item 7. Types of Clients.....	14
Item 8. Methods of Analysis, Investment Strategies and Risk of Loss .....	15
Item 9. Disciplinary Information .....	18
Item 10. Other Financial Industry Activities and Affiliations.....	19
Item 11. Code of Ethics .....	19
Item 12. Brokerage Practices .....	20
Item 13. Review of Accounts.....	23
Item 14. Client Referrals and Other Compensation .....	23
Item 15. Custody .....	24
Item 16. Investment Discretion.....	24
Item 17. Voting Client Securities.....	24
Item 18. Financial Information .....	25



## Item 4. Advisory Business

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McAdam offers a variety of advisory services, which include financial planning, consulting, and investment management services. Prior to McAdam rendering any of the foregoing advisory services, clients are required to enter into one or more written agreements with McAdam setting forth the relevant terms and conditions of the advisory relationship (the “Advisory Agreement”).

McAdam was formed in 2014 and is wholly owned by Michael McAdam. As of December 31, 2022, McAdam had \$1,254,256,583 of assets under management on a discretionary basis and \$1,214,825 of assets under management on a non-discretionary basis.

While this brochure generally describes the business of McAdam, certain sections also discuss the activities of its Supervised Persons, which refer to the Firm’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees or any other person who provides investment advice on McAdam’s behalf and is subject to the Firm’s supervision or control.

### Financial Planning and Consulting Services

McAdam offers clients a broad range of financial planning and consulting services, which may include any or all of the following functions (The scope of the services to be provided depends upon the needs of the client and the terms of the engagement):

- |                             |                         |
|-----------------------------|-------------------------|
| • Business Planning         | • Retirement Planning   |
| • Cash Flow Forecasting     | • Risk Management       |
| • Trust and Estate Planning | • Charitable Giving     |
| • Financial Reporting       | • Distribution Planning |
| • Investment Consulting     | • Tax Planning          |
| • Insurance Planning        | • Manager Due Diligence |



In performing these services, McAdam is not required to verify any information received from the client or from the client's other professionals (e.g., attorneys, accountants, etc.,) and is expressly authorized to rely on such information.

McAdam may recommend clients engage the Firm for additional related services, its Supervised Persons in their individual capacities (which may include registration as insurance agents or registered representatives of a broker-dealer) and/or other professionals to implement its recommendations.

Clients are advised that a conflict of interest exists if clients engage McAdam or its affiliates to provide additional services for compensation. Clients retain absolute discretion over all decisions regarding implementation and are under no obligation to act upon any of the recommendations made by McAdam under a financial planning or consulting engagement. Clients are advised that it remains their responsibility to promptly notify the Firm of any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising McAdam's recommendations and/or services.

### **RetireUS Subscription Service**

McAdam also offers tiered financial planning services for a weekly subscription fee. Available service tiers include *Basic Planning*, *Tax Mastery* and *Wealth Mastery*. *Basic Planning* is the base subscription service package. *Tax Mastery* builds upon the services offered at the *Basic Planning* level, but also includes tax planning and review services. *Wealth Mastery* includes the services offered as part of the *Tax Mastery* service level and will also include tax liability and estate plan audit services.

Clients who choose to engage McAdam through its RetireUS Subscription service will select a service level when they execute the RetireUS Financial Planning Agreement. A detailed list of services included within each service level appears on Schedule A of the subscription agreement.

### **Investment Management Services**

McAdam generally manages client investment portfolios on a discretionary basis.

McAdam primarily allocates client assets among various mutual funds, exchange-traded funds ("ETFs"), individual debt and equity securities, and independent investment managers ("Independent Managers") in accordance with their stated investment objectives. In addition, McAdam may also recommend that certain eligible clients invest in privately placed securities, which may include debt, equity and/or interests in pooled investment vehicles (e.g., hedge funds).

Where appropriate, the Firm may also provide advice about any type of legacy position or other investment held in client portfolios. Clients may engage McAdam to manage and/or advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans). In these situations, McAdam directs or recommends the allocation of client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company or the custodian designated by the product's provider.



McAdam tailors its advisory services to meet the needs of its individual clients and seeks to manage client portfolios in a manner consistent with those needs and objectives. McAdam remains available to consult with clients on an ongoing basis to assess their specific risk tolerance, time horizon, liquidity constraints and other related factors relevant to the management of their portfolios. Clients are advised to promptly notify McAdam if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients may impose reasonable restrictions or mandates on the management of their accounts if McAdam determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm's management efforts.

**Financial Planning and Non-Investment Consulting/Implementation Services.** As indicated above, to the extent requested by a client, McAdam may provide financial planning and related consulting services. Neither McAdam nor its investment adviser representatives assist clients with the implementation of any financial plan, unless they have agreed to do so in writing. McAdam does not monitor a client's financial plan, and it is the client's responsibility to revisit the financial plan with McAdam, if desired.

McAdam does not serve as an attorney or accountant, and no portion of McAdam's services should be construed as same. Accordingly, McAdam does not prepare estate planning legal documents or tax returns. To the extent requested by a client, McAdam may recommend the services of other professionals for certain non-investment implementation purposes (i.e., attorneys, accountants, insurance, etc.), including representatives of McAdam in their separate individual capacities as representatives of Purshe Kaplan Sterling Investments ("PKS"), an SEC registered and FINRA member broker-dealer, and as licensed insurance agents. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from McAdam and/or its representatives.

If the client engages any recommended unaffiliated professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. At all times, the engaged licensed professional(s) (i.e., attorney, accountant, insurance agent, etc.), and not McAdam, shall be responsible for the quality and competency of the services provided.

**Retirement Plan Services - John Hancock Life Insurance Company ("John Hancock"):** McAdam and its related persons may recommend John Hancock to certain retirement plans for retirement plan consulting services. Should a retirement plan choose to engage John Hancock for these services, McAdam and/or the investment adviser representative will be named as the investment adviser associated with the John Hancock account. Therefore, McAdam and certain investment adviser representatives may receive a fee of up to 1.00% for investment advisory services rendered in such situations. **Conflict of Interest:** The recommendation by McAdam and its related persons that a client engage John Hancock to provide retirement plan services presents a conflict of interest, as the receipt of compensation provides an incentive to recommend John Hancock based on compensation to be received, rather than on a particular client's need. No client is under any obligation to engage John Hancock.



**Retirement Rollovers-Potential for Conflict of Interest:** A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If McAdam recommends that a client roll over their retirement plan assets into an account to be managed by McAdam, such a recommendation creates a conflict of interest if McAdam will earn new (or increase its current) compensation as a result of the rollover. If McAdam provides a recommendation as to whether a client should engage in a rollover or not (whether it is from an employer's plan or an existing IRA), McAdam is acting as a fiduciary 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. No client is under any obligation to roll over retirement plan assets to an account managed by McAdam, whether it is from an employer's plan or an existing IRA.

**Use of Mutual and Exchange Traded Funds:** Most mutual funds and exchange traded funds are available directly to the public. Therefore, a prospective client can obtain many of the funds that may be utilized by McAdam independent of engaging McAdam as an investment advisor. However, if a prospective client determines to do so, he/she will not receive McAdam's initial and ongoing investment advisory services. In addition to McAdam's investment advisory fee described below, and transaction and/or custodial fees discussed below, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g., management fees and other fund expenses).

**Portfolio Activity.** McAdam has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, McAdam will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including, but not limited to, investment performance, fund manager tenure, style drift, account additions/withdrawals, and/or a change in the client's investment objective. Based upon these factors, there may be extended periods of time when McAdam determines that changes to a client's portfolio are neither necessary nor prudent. Clients nonetheless remain subject to the fees described in Item 5 below during periods of account inactivity.

**Unaffiliated Private Investment Funds.** McAdam also provides investment advice regarding private investment funds. McAdam, on a non-discretionary basis, may recommend that certain qualified clients consider an investment in private investment funds, the description of which (the terms, conditions, risks, conflicts and fees, including incentive compensation) is set forth in the fund's offering documents. McAdam's role relative to unaffiliated private investment funds shall be limited to its initial and ongoing due diligence and investment monitoring services. If a client determines to become an unaffiliated private fund investor, the amount of assets invested in the fund(s) shall be included as part of "assets under management" for purposes of McAdam calculating its investment advisory fee. McAdam's fee shall be in addition to the fund's fees. McAdam's clients are under absolutely no obligation to consider or make an investment in any private investment fund(s).

Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike liquid investments that a client may own, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund,



and acknowledges and accepts the various risk factors that are associated with such an investment.

**Valuation.** In the event that McAdam references private investment funds owned by the client on any supplemental account reports prepared by McAdam, the value(s) for all private investment funds owned by the client shall reflect the most recent valuation provided by the fund sponsor. However, if subsequent to purchase, the fund has not provided an updated valuation, the valuation shall reflect the initial purchase price. If subsequent to purchase, the fund provides an updated valuation, then the statement will reflect that updated value. The updated value will continue to be reflected on the report until the fund provides a further updated value. Please Also Note: As result of the valuation process, if the valuation reflects initial purchase price or an updated value subsequent to purchase price, the current value(s) of an investor's fund holding(s) could be significantly more or less than the value reflected on the report. Unless otherwise indicated, McAdam shall calculate its fee based upon the latest value provided by the fund sponsor.

**Structured Notes.** McAdam may purchase Structured Notes for client accounts. A Structured Note is a financial instrument that combines two elements, a debt security and exposure to an underlying asset or assets. It is essentially a note, carrying counter party risk of the issuer. However, the return on the note is linked to the return of an underlying asset or assets (such as the S&P 500 Index or commodities). It is this latter feature that makes structured products unique, as the payout can be used to provide some degree of principal protection, leveraged returns (but usually with some cap on the maximum return), and be tailored to a specific market or economic view. Structured Notes will generally be subject to liquidity constraints, such that the sale thereof before maturity will be limited, and any sale before the maturity date could result in a substantial loss. There can be no assurance that the Structured Notes investment will be profitable, equal any historical performance level(s), or prove successful.

If the issuer of the Structured Note defaults, the entire value of the investment could be lost.

**Interval Funds/Risks and Limitations:** Where appropriate, McAdam may utilize interval funds (and other types of securities that could pose additional risks, including lack of liquidity and restrictions on withdrawals). An interval fund is a non-traditional type of closed-end mutual fund that periodically offers to buy back a percentage of outstanding shares from shareholders. Investments in an interval fund involve additional risk, including lack of liquidity and restrictions on withdrawals.

During any time periods outside of the specified repurchase offer window(s), investors will be unable to sell their shares of the interval fund. There is no assurance that an investor will be able to tender shares when or in the amount desired. There can also be situations where an interval fund has a limited amount of capacity to repurchase shares and may not be able to fulfill all purchase orders. In addition, the eventual sale price for the interval fund could be less than the interval fund value on the date that the sale was requested.

While an internal fund periodically offers to repurchase a portion of its securities, there is no guarantee that investors may sell their shares at any given time or in the desired amount. As interval funds can expose investors to liquidity risk, investors should consider interval fund shares to be an illiquid investment. Typically, the interval funds are not listed on any securities exchange and are not publicly traded. Therefore, there is no secondary market for the fund's shares.





Because these types of investments involve certain additional risk, these funds will only be utilized when consistent with a client's investment objectives, individual situation, suitability, tolerance for risk and liquidity needs. Investment should be avoided where an investor has a short-term investing horizon and/or cannot bear the loss of some, or all, of the investment. There can be no assurance that an interval fund investment will prove profitable or successful. In light of these enhanced risks, a client may direct McAdam, in writing, not to purchase interval funds for the client's account.

**Socially Responsible Investing Limitations.** Socially Responsible Investing involves the incorporation of Environmental, Social and Governance ("ESG") considerations into the investment due diligence process. ESG investing incorporates a set of criteria/factors used in evaluating potential investments: Environmental (i.e., considers how a company safeguards the environment); Social (i.e., the manner in which a company manages relationships with its employees, customers, and the communities in which it operates); and Governance (i.e., company management considerations). The number of companies that meet an acceptable ESG mandate can be limited when compared to those that do not and could underperform broad market indices. Investors must accept these limitations, including potential for underperformance. Correspondingly, the number of ESG mutual funds and exchange-traded funds are limited when compared to those that do not maintain such a mandate. As with any type of investment (including any investment and/or investment strategies recommended and/or undertaken by McAdam), there can be no assurance that investment in ESG securities or funds will be profitable or prove successful. McAdam does not maintain or advocate an ESG investment strategy but will seek to employ ESG if directed by a client to do so. If implemented, McAdam shall rely upon the assessments undertaken by the unaffiliated mutual fund, exchange traded fund or separate account portfolio manager to determine that the fund's or portfolio's underlying company securities meet a socially responsible mandate.

**Cash Positions.** McAdam continues to treat cash as an asset class. As such, unless determined to the contrary by McAdam, all cash positions (money markets, etc.) shall continue to be included as part of assets under management for purposes of calculating McAdam's advisory fee. At any specific point in time, depending upon perceived or anticipated market conditions/events (there being **no guarantee** that such anticipated market conditions/events will occur), McAdam may maintain cash positions for defensive purposes. In addition, while assets are maintained in cash, such amounts could miss market advances. Depending upon current yields, at any point in time, McAdam's advisory fee could exceed the interest paid by the client's money market fund.

**Cash Sweep Accounts.** Certain account custodians can require that cash proceeds from account transactions or new deposits, be swept to and/or initially maintained in a specific custodian designated sweep account. The yield on the sweep account will generally be lower than those available for other money market accounts. When this occurs, to help mitigate the corresponding yield dispersion McAdam shall (usually within 30 days thereafter) generally (with exceptions) purchase a higher yielding money market fund (or other type security) available on the custodian's platform, unless McAdam reasonably anticipates that it will utilize the cash proceeds during the subsequent 30-day period to purchase additional investments for the client's account. Exceptions and/or modifications can and will occur with respect to all or a portion of the cash balances for various reasons, including, but not limited to the amount of dispersion between the sweep account and a money market fund, the size of the cash balance, an indication from the client of an imminent need for such cash, or the client has a demonstrated history of writing checks from the account.



The above does not apply to the cash component maintained within a McAdam actively managed investment strategy (the cash balances for which shall generally remain in the custodian designated cash sweep account), an indication from the client of a need for access to such cash, assets allocated to an unaffiliated investment manager and cash balances maintained for fee billing purposes.

The client shall remain exclusively responsible for yield dispersion/cash balance decisions and corresponding transactions for cash balances maintained in any McAdam unmanaged accounts.

**Direct Indexing.** Direct indexing involves constructing a portfolio by purchasing individual securities intended to replicate an intended index or benchmark (e.g., S&P, Dow Jones, Russell 2000). Direct indexing allows for customization of an individual client's portfolio based upon the client's personal preferences and investment objectives. Additional benefits also include the potential to implement more effective tax-loss harvesting strategies. For those clients who implement direct indexing as a part of their investment portfolio, their investment adviser will work with them to determine what portion of their portfolio should be allocated to track an index or a blend of indices. McAdam would then invest that portion of the client's portfolio into individual equities, ETFs and mutual funds with the goal of tracking the desired index or benchmark.

**Independent Managers.** McAdam may allocate a portion of a client's investment assets among unaffiliated independent investment managers in accordance with the client's designated investment objective(s). In such situations, the Independent Manager(s) shall have day-to-day responsibility for the active discretionary management of the allocated assets. McAdam shall continue to render investment supervisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. Factors which McAdam shall consider in recommending Independent Manager(s) include the client's designated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research. The investment management fee charged by the Independent Manager(s) is separate from, and in addition to, McAdam's advisory fee as set forth in the fee schedule at Item 5 below.

**Non-Discretionary Service Limitations.** Clients that determine to engage McAdam on a non-discretionary investment advisory basis must be willing to accept that McAdam cannot effect any account transactions without obtaining prior consent to such transaction(s) from the client. Therefore, in the event that McAdam would like to make a transaction for a client's account (including in the event of an individual holding or general market correction), and the client is unavailable, McAdam will be unable to effect the account transaction(s) (as it would for its discretionary clients) without first obtaining the client's consent.

**Cryptocurrency:** For clients who want exposure to cryptocurrencies, including Bitcoin, McAdam, will advise the client to consider a potential investment in corresponding exchange traded securities, or an allocation to separate account managers and/or private funds that provide cryptocurrency exposure. Crypto is a digital currency that can be used to buy goods and services but uses an online ledger with strong cryptography (i.e., a method of protecting information and communications through the use of codes) to secure online transactions. Unlike conventional currencies issued by a monetary authority, cryptocurrencies are generally not controlled or regulated and their price is determined by the supply and demand of their market. Because cryptocurrency is currently considered to be a speculative investment, McAdam will not exercise discretionary authority to purchase a cryptocurrency investment for client accounts. Rather, a client must expressly authorize the purchase of the cryptocurrency investment.



McAdam does not recommend or advocate the purchase of, or investment in, cryptocurrencies. McAdam considers such an investment to be speculative.

Clients who authorize the purchase of a cryptocurrency investment must be prepared for the potential for liquidity constraints, extreme price volatility and complete loss of principal.

**ByAllAccounts and eMoney Advisor Platform.** McAdam, in conjunction with the services provided by ByAllAccounts, Inc. and/or eMoney, may also provide periodic comprehensive reporting services which can incorporate all of the client's investment assets, including those investment assets that are not part of the assets managed by McAdam (the "Excluded Assets"). The client and/or their other advisors that maintain trading authority, and not McAdam, shall be exclusively responsible for the investment performance of the Excluded Assets. Unless otherwise specifically agreed to, in writing, McAdam's service relative to the Excluded Assets is limited to reporting only. The sole exception to the above shall be if McAdam is specifically engaged to monitor and/or allocate the assets within the client's 401(k) account maintained away at the custodian directed by the client's employer. As such, except with respect to the client's 401(k) account (if applicable), McAdam does not maintain any trading authority for the Excluded Assets. Rather, the client and/or the client's designated other investment professional(s) maintain supervision, monitoring and trading authority for the Excluded Assets. If McAdam were asked to make a recommendation as to any Excluded Assets, the client is under absolutely no obligation to accept the recommendation, and McAdam shall not be responsible for any implementation error (timing, trading, etc.) relative to the Excluded Assets. In the event the client desires that McAdam provide investment management services for the Excluded Assets, the client may engage McAdam to do so pursuant to the terms and conditions of the Investment Advisory Agreement between McAdam and the client. Additionally, the eMoney platform also provides access to other types of information, including financial planning concepts, which should not, in any manner whatsoever, be construed as services, advice, or recommendations provided by McAdam. Finally, McAdam shall not be held responsible for any adverse results a client may experience if the client engages in financial planning or other functions available on the eMoney platform without McAdam's assistance or oversight.

**Client Obligations.** In performing its services, McAdam shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains their responsibility to promptly notify McAdam if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising McAdam's previous recommendations and/or services.

**Cybersecurity Risk.** The information technology systems and networks that McAdam and its third-party service providers use to provide services to McAdam's clients employ various controls, which are designed to prevent cybersecurity incidents stemming from intentional or unintentional actions that could cause significant interruptions in McAdam's operations and result in the unauthorized acquisition or use of clients' confidential or non-public personal information. Clients and McAdam are nonetheless subject to the risk of cybersecurity incidents that could ultimately cause them to incur losses, including for example: financial losses, cost and reputational damage to respond to regulatory obligations, other costs associated with corrective measures, and loss from damage or interruption to systems. Although McAdam has established procedures to reduce the risk of cybersecurity incidents, there is no guarantee that these efforts will always be successful, especially considering that McAdam does not directly control the cybersecurity measures



and policies employed by third-party service providers. Clients could incur similar adverse consequences resulting from cybersecurity incidents that more directly affect issuers of securities in which those clients invest, broker-dealers, qualified custodians, governmental and other regulatory authorities, exchange and other financial market operators, or other financial institutions.

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## Item 5. Fees and Compensation

McAdam offers services on a fee basis, which may include fixed and/or hourly fees, as well as fees based upon assets under management or advisement. Additionally, certain of the Firm's Supervised Persons, in their individual capacities, may offer securities brokerage services and/or insurance products under a separate commission-based arrangement.

### Financial Planning and Consulting Fees

McAdam generally charges a fixed fee or fee based upon the net worth or assets held by the client (even if not managed by McAdam) for providing financial planning and consulting services under a stand-alone or wealth management engagement. These fees are negotiable, but generally range from \$500 to \$25,000 on a fixed fee basis or up to 2% of net worth or assets, depending upon the scope and complexity of the services and the professional rendering the financial planning and/or the consulting services. If the client engages McAdam for additional investment advisory services, McAdam may, but is not required to, offset all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services.

### RetireUS Subscription Service

McAdam also offers tiered financial planning services for a weekly subscription fee. Available service tiers include *Basic Planning*, *Tax Mastery* and *Wealth Mastery*. Each service level is billed as per the terms of its agreement.

### Investment Management Fees

McAdam offers investment management services for an annual fee based on the amount of assets under the Firm's management. The management fee varies depending upon the size and composition of a client's portfolio and the type of services rendered and the representative providing services.

**Fee Differentials.** McAdam's investment advisory fee ranges from negotiable up to 2.50% and is determined based upon various objective and subjective factors including but not limited to: the amount of assets to be managed; portfolio composition; the scope and complexity of the engagement; the use of direct indexing; the anticipated number of meetings and servicing needs; related accounts; future earning capacity; anticipated future additional assets; the professional(s) rendering the service(s); prior relationships with McAdam and/or its representatives, and negotiations with the client. As a result of these factors, similarly situated clients could pay different fees, the services to be provided by McAdam to any particular client



could be available from other advisers at lower fees. Furthermore, there may be instances where McAdam's fee could be higher than what would generally be charged by the industry for similar services.

The annual fee is prorated and charged, in advance, based upon the market value of the assets being managed by McAdam on the last day of the previous billing period.

Under certain engagements, the firm may adjust billing as follows: if assets in excess of \$5,000 are deposited into or withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets is adjusted to reflect the interim change in portfolio value. For the initial period of an engagement, the fee is calculated on a *pro rata* basis. In the event the advisory agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding or unearned portion of the fee is charged or refunded to the client, as appropriate.

Additionally, for asset management services McAdam provides with respect to certain client holdings (e.g., held-away assets, accommodation accounts, alternative investments, etc.), McAdam may negotiate a fee rate that differs from the range set forth above.

### **Direct Indexing**

Client assets allocated to a direct indexing portfolio will be charged an additional fee of 0.15%.

### **Additional Fees and Expenses**

In addition to the advisory fees paid to McAdam, clients may also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively "Financial Institutions"). These additional charges may include securities brokerage commissions, transaction fees, custodial fees, fees charged by the Independent Managers, margin costs, charges imposed directly by a mutual fund or ETF in a client's account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), 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. The Firm's brokerage practices are described at length in Item 12, below.

**Orion Fees.** In addition to McAdam's advisory fee, the client shall also incur an annual \$45 administrative services fee (generally payable on a pro-rated quarterly basis), per account, to offset the administrative fees charged to McAdam by Orion. McAdam representative may waive or discount the Orion fee payable by the client-see Fee Differential above.

### **Direct Fee Debit**

Clients generally provide McAdam and/or certain Independent Managers with the authority to directly debit their accounts for payment of the investment advisory fees. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to McAdam. Alternatively, clients may elect to have McAdam send a separate invoice for direct payment.



## **Account Additions and Withdrawals**

Clients may make additions to and withdrawals from their account at any time, subject to McAdam's right to terminate an account. Additions may be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or declines to accept particular securities into a client's account. Clients may withdraw account assets on notice to McAdam, subject to the usual and customary securities settlement procedures. However, the Firm generally designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. McAdam may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, short-term redemption fees, fees assessed at the mutual fund level (e.g., contingent deferred sales charges) and/or tax ramifications.

## **Commissions and Sales Charges for Recommendations of Securities**

Clients can engage certain persons associated with McAdam (but not the Firm directly) to render securities brokerage services under a separate commission-based arrangement. Clients are under no obligation to engage such persons and may choose brokers or agents not affiliated with McAdam.

Under this arrangement, the Firm's Supervised Persons, in their individual capacities as registered representatives of Purshe Kaplan Sterling Investments, Inc. ("PKS"), may provide securities brokerage services and implement securities transactions under a separate commission based arrangement. Supervised Persons may be entitled to a portion of the brokerage commissions paid to PKS, as well as a share of any ongoing distribution or service (trail) fees from the sale of mutual funds. McAdam may also recommend no-load or load-waived funds, where no sales charges are assessed. Prior to affecting any transactions, clients are required to enter into a separate account agreement with PKS.

A conflict of interest exists to the extent that McAdam recommends the purchase or sale of securities where its Supervised Persons receive commissions or other additional compensation as a result of the Firm's recommendation. The Firm has procedures in place to ensure that any recommendations made by such Supervised Persons are in the best interest of clients.

McAdam's Chief Compliance Officer, Edward O'Brien, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.

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## **Item 6. Performance-Based Fees and Side-by-Side Management**

McAdam does not provide any services for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets).

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

McAdam offers services to individuals, trusts, estates, charitable organizations, corporations and business entities, and state or municipal government entities.





## **Minimum Account Requirements**

McAdam does not impose a stated minimum fee or minimum portfolio value for starting and maintaining an investment management relationship. However, certain Independent Managers may impose more restrictive account requirements and billing practices than the Firm. In these instances, McAdam may alter its corresponding account requirements and/or billing practices to accommodate those of the Independent Managers.

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

### **Methods of Analysis**

McAdam primarily utilizes a fundamental methods of analysis. Fundamental analysis involves an evaluation of the fundamental financial condition and competitive position of a particular fund or issuer. For McAdam, this process typically involves an analysis of an issuer's management team, investment strategies, style drift, past performance, reputation and financial strength in relation to the asset class concentrations and risk exposures of the Firm's model asset allocations. A substantial risk in relying upon fundamental analysis is that while the overall health and position of a company may be good, evolving market conditions may negatively impact the security.

### **Investment Strategies**

McAdam manages client assets on a discretionary or non-discretionary basis. McAdam primarily allocates client assets among various mutual funds and exchange-traded funds ("ETFs"), as well as through a limited amount of individual debt and equity securities, and Independent Managers in accordance with their stated investment objectives.

McAdam tailors its advisory services to the individual needs of clients. McAdam consults with clients initially and on an ongoing basis to develop an investment policy statement which determines risk tolerance, time horizon and other factors that may impact the clients' investment needs. McAdam ensures that clients' investments are suitable for their investment needs, goals, objectives and risk tolerance.

McAdam may also allocate investment management assets of its client accounts, on a discretionary basis, among one or more of its asset allocation models. McAdam's asset allocation model administration has been designed to comply with the requirements of Rule 3a-4 of the Investment Company Act of 1940. Rule 3a-4 provides similarly managed investment programs with a non-exclusive safe harbor from the definition of an investment company. In accordance with Rule 3a-4, the following disclosure is applicable to McAdam's management of client assets asset allocation models:

1. Initial Interview – at the opening of the account, McAdam, through its designated representatives, shall obtain from the client information sufficient to determine the client's financial situation and investment objectives;
2. Individual Treatment - the account is managed on the basis of the client's financial situation and investment objectives;
3. Quarterly Notice – at least quarterly McAdam shall notify the client to advise McAdam whether the



client's financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of the account;

4. Annual Contact – at least annually, McAdam shall contact the client to determine whether the client's financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of the account;

5. Consultation Available – McAdam shall be reasonably available to consult with the client relative to the status of the account;

6. Quarterly Report – the client shall be provided with a quarterly report for the account for the preceding period;

7. Ability to Impose Restrictions – the client shall have the ability to impose reasonable restrictions on the management of the account, including the ability to instruct McAdam not to purchase certain securities;

8. No Pooling – the client's beneficial interest in a security does not represent an undivided interest in all the securities held by the custodian, but rather represents a direct and beneficial interest in the securities which comprise the account;

9. Separate Account - a separate account is maintained for the client with the Custodian;

10. Ownership – each client retains indicia of ownership of the account (e.g., right to withdraw securities or cash, exercise or delegate proxy voting, and receive transaction confirmations).

McAdam believes that its annual investment management fee is reasonable in relation to: (1) the advisory services provided under its agreement; and (2) the fees charged by other investment advisers offering similar services/programs. However, McAdam's annual investment advisory fee may be higher than that charged by other investment advisers offering similar services/programs. In addition to McAdam's annual investment management fee, the client will also incur charges imposed directly at the mutual and exchange traded fund level (e.g., management fees and other fund expenses). McAdam's investment programs may involve above-average portfolio turnover which could negatively impact upon the net after-tax gain experienced by an individual client in a taxable account.

**Borrowing Against Assets/Risks.** A client who has a need to borrow money could determine to do so by using:

- **Margin**-The account custodian or broker-dealer lends money to the client. The custodian charges the client interest for the right to borrow money, and uses the assets in the client's brokerage account as collateral; and,
- **Pledged Assets Loan**- In consideration for a lender (i.e., a bank, etc.) to make a loan to the client, the client pledges its investment assets held at the account custodian as collateral;

These above-described collateralized loans are generally utilized because they typically provide more favorable interest rates than standard commercial loans. These types of collateralized loans can assist with a pending home purchase, permit the retirement of more expensive debt, or enable borrowing in lieu of liquidating existing account positions and incurring capital gains taxes. However, such loans are not without potential material risk to the client's investment assets. The lender (i.e., custodian, bank, etc.) will have recourse against the client's investment assets in the event of loan default or if the assets fall below a certain level. For this reason, McAdam does not recommend such borrowing unless it is for specific short-term purposes (i.e., a bridge loan to purchase a new residence). McAdam does not recommend such borrowing for investment purposes (i.e., to invest borrowed funds in the market). Regardless, if the client was to determine to utilize margin or a pledged assets loan, the following economic benefits would inure





to McAdam:

- by taking the loan rather than liquidating assets in the client's account, McAdam continues to earn a fee on such Account assets; and,
- if the client invests any portion of the loan proceeds in an account to be managed by McAdam, McAdam will receive an advisory fee on the invested amount; and,
- if McAdam's advisory fee is based upon the higher margined account value, McAdam will earn a correspondingly higher advisory fee. This could provide McAdam with a disincentive to encourage the client to discontinue the use of margin.

The Client must accept the above risks and potential corresponding consequences associated with the use of margin or a pledged assets loans.

### **Covered Call Writing.**

Covered call writing is the sale of in-, at-, or out-of-the-money call options against a long security position held in a client portfolio. This type of transaction is intended to generate income. It also serves to create partial downside protection in the event the security position declines in value. Income is received from the proceeds of the option sale. Such income may be reduced or lost to the extent it is determined to buy back the option position before its expiration. There can be no assurance that the security will not be called away by the option buyer, which will result in the client (option writer) to lose ownership in the security and incur potential unintended tax consequences. Covered call strategies are generally better suited for positions with lower price volatility.

### **Risk of Loss**

#### *Market Risks*

Investing involves risk, including the potential loss of principal, and all investors should be guided accordingly. The profitability of a significant portion of McAdam's recommendations and/or investment decisions may depend to a great extent upon correctly assessing the future course of price movements of stocks, bonds and other asset classes. There can be no assurance that McAdam will be able to predict those price movements accurately or capitalize on any such assumptions.

#### *Mutual Funds and 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 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 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 actual 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 potentially 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 20,000 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.

#### *Use of Independent Managers*

As stated above, McAdam may select certain Independent Managers to manage a portion of its clients' assets. In these situations, McAdam continues to conduct ongoing due diligence of such managers, but such recommendations rely to a great extent on the Independent Managers' ability to successfully implement their investment strategies. In addition, McAdam generally may not have the ability to supervise the Independent Managers on a day-to-day basis.

#### *Use of Private Collective Investment Vehicles*

McAdam recommends that certain clients invest in privately placed collective investment vehicles (e.g., hedge funds, private equity funds, etc.). The managers of these vehicles have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. Hedge funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, there is an absence of regulation. There are numerous other risks in investing in these securities. Clients should consult each fund's private placement memorandum and/or other documents explaining such risks prior to investing.

#### *Real Estate Investment Trusts (REITs)*

McAdam may recommend an investment in, or allocate assets among, various real estate investment trusts ("REITs"), the shares of which exist in the form of either publicly traded or privately placed securities. REITs are collective investment vehicles with portfolios comprised primarily of real estate and mortgage related holdings. Many REITs hold heavy concentrations of investments tied to commercial and/or residential developments, which inherently subject REIT investors to the risks associated with a downturn in the real estate market. Investments linked to certain regions that experience greater volatility in the local real estate market may give rise to large fluctuations in the value of the vehicle's shares. Mortgage related holdings may give rise to additional concerns pertaining to interest rates, inflation, liquidity and counterparty risk.

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## **Item 9. Disciplinary Information**

McAdam has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of its management.



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## Item 10. Other Financial Industry Activities and Affiliations

### Registered Representatives of a Broker/Dealer

Certain of the Firm's Supervised Persons are registered representatives of PKS and may provide clients with securities brokerage services under a separate commission-based arrangement. This arrangement is described at length in Item 5.

### Licensed Insurance Agency and Agents

McAdam is affiliated with McAdam Financial Group, a licensed insurance agency. Many of McAdam's Supervised Persons are licensed insurance agents and may offer certain insurance products through McAdam Financial Group on a fully-disclosed commissionable basis. A conflict of interest exists to the extent that McAdam recommends the purchase of insurance products where it's affiliate and its Supervised Persons may be entitled to insurance commissions or other additional compensation. McAdam has procedures in place whereby it seeks to ensure that all recommendations are made in its clients' best interest regardless of any such affiliations.

**Conflict of Interest:** The recommendation by McAdam representatives that a client purchase a securities (as a representative of PKS) or insurance commission product presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any securities or insurance commission products from McAdam representatives. Clients are reminded that they may purchase securities and insurance products recommended by McAdam through other non-affiliated broker-dealers and/or insurance agencies or agents.

McAdam's Chief Compliance Officer, Edward O'Brien, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.

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## Item 11. Code of Ethics

McAdam has adopted a code of ethics in compliance with applicable securities laws ("Code of Ethics") that sets forth the standards of conduct expected of its Supervised Persons. McAdam's Code of Ethics contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information by the Firm or any of its Supervised Persons and the trading by the same of securities ahead of clients in order to take advantage of pending orders.

The Code of Ethics also requires certain of McAdam's personnel to report their personal securities holdings and transactions and obtain pre-approval of certain investments (e.g., initial public offerings, limited offerings). However, the Firm's Supervised Persons are permitted to buy or sell securities that it also recommends to clients if done in a fair and equitable manner that is consistent with the Firm's policies and procedures. This Code of Ethics has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by certain personnel to be completed without any appreciable impact on the markets of such securities. Therefore, under limited circumstances, exceptions may be made to the



policies stated below.

When the Firm is engaging in or considering a transaction in any security on behalf of a client, no Supervised Person with access to this information may knowingly affect for themselves or for their immediate family (i.e., spouse, minor children and adults living in the same household) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the Supervised Person is completed as part of a batch trade with clients; or
- a decision has been made not to engage in the transaction for the client.

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.

Clients and prospective clients may contact McAdam to request a copy of its Code of Ethics.

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## **Item 12. Brokerage Practices**

### **Recommendation of Broker/Dealers for Client Transactions**

In the event that the client requests that McAdam recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct McAdam to use a specific broker-dealer/custodian), McAdam generally recommends that investment management accounts be maintained at Schwab Advisor Services™ ("Schwab") or Fidelity Investments, Inc. ("Fidelity"). Prior to engaging McAdam to provide investment management services, the client will be required to enter into a formal Investment Advisory Agreement with McAdam setting forth the terms and conditions under which McAdam shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that McAdam considers in recommending Schwab or Fidelity (or any other broker-dealer/custodian to clients) include historical relationship with McAdam, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by McAdam's clients shall comply with McAdam's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to affect the same transaction where McAdam determines, in good faith, that the commission/transaction fee is reasonable. 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 broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although McAdam will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, McAdam's investment management fee.



### **Non-Soft Dollar Research and Additional Benefits**

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, McAdam receives from Schwab and Fidelity (or another broker-dealer/custodian, investment manager, platform, vendor, or fund sponsor) without cost (and/or at a discount) support services and/or products, certain of which assist McAdam to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by McAdam may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support-including client events, computer hardware and/or software and/or other products used by McAdam in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products received may assist McAdam in managing and administering client accounts. Others do not directly provide such assistance, but rather assist McAdam to manage and further develop its business enterprise.

There is no corresponding commitment made by Schwab or Fidelity or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

McAdam's Chief Compliance Officer, Edward O'Brien, remains available to address any questions that a client or prospective client may have regarding the above arrangements and the corresponding conflicts of interest such arrangements create.

### **Software and Support Provided by Financial Institutions**

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

Specifically, McAdam can receive the following benefits from Schwab:

- Credits to be used toward the Firm's Supervised Persons' attendance at conferences related to the Firm's advisory business.
- Receipt of duplicate client confirmations and bundled duplicate statements;
- Access to a trading desk that exclusively services its institutional traders;
- Access to block trading which provides the ability to aggregate securities transactions and then



- allocate the appropriate shares to client accounts; and
- Access to an electronic communication network for client order entry and account information.

### **Brokerage for Client Referrals**

McAdam does not consider, in selecting or recommending broker/dealers, whether the Firm receives client referrals from the Financial Institutions or other third party.

### **Directed Brokerage**

McAdam does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and McAdam will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by McAdam. As a result, a client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

In the event that the client directs McAdam to affect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to affect account transactions through alternative clearing arrangements that may be available through McAdam. Higher transaction costs adversely impact account performance.

Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts.

### **Trade Aggregation**

Transactions for each client generally will be affected independently. In limited circumstances, at the Firm's discretion, McAdam may purchase or sell the same securities for several clients at approximately the same time. McAdam may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Firm's clients differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among McAdam's clients pro rata to the purchase and sale orders placed for each client on any given day.

To the extent that the Firm determines to aggregate client orders for the purchase or sale of securities, including securities in which McAdam's Supervised Persons may invest, the Firm generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. McAdam does not receive any additional compensation or remuneration as a result of the aggregation.

In the event that the Firm determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one





account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, the Firm may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

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## **Item 13. Review of Accounts**

### **Account Reviews**

McAdam monitors client portfolios on a continuous and ongoing basis while regular account reviews are conducted on at least a quarterly basis. Such reviews are conducted by the Firm's investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals and objectives with McAdam and to keep the Firm informed of any changes thereto. The Firm contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and quarterly to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

### **Account Statements and Reports**

Clients are provided with transaction confirmation notices and regular summary account statements directly from the Financial Institutions where their assets are custodied. From time-to-time or as otherwise requested, clients may also receive written or electronic reports from McAdam and/or an outside service provider, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. Clients should compare the account statements they receive from their custodian with any documents or reports they receive from McAdam or an outside service provider.

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

As referenced in Item 12.A.1 above, McAdam receives economic benefits from Schwab or Fidelity including support services and/or products without cost or at a discount. McAdam's Chief Compliance Officer, Edward O'Brien remains available to address any questions that a client or prospective client may have regarding the above arrangements and the corresponding conflicts of interest such arrangements create.

### **Client Referrals**

McAdam does not currently compensate any non-related party for client introductions.



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## **Item 15. Custody**

McAdam shall have the ability to deduct its advisory fee from the client's custodial account. Clients are provided with written transaction confirmation notices, and a written summary account statement directly from the custodian (i.e., Schwab, Fidelity, etc.) at least quarterly.

To the extent that McAdam provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by McAdam with the account statements received from the account custodian.

The account custodian does not verify the accuracy of McAdam's advisory fee calculation.

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## **Item 16. Investment Discretion**

McAdam may be given the authority to exercise discretion on behalf of clients. McAdam is considered to exercise investment discretion over a client's account if it can affect and/or direct transactions in client accounts without first seeking their consent. McAdam is given this authority through a power-of-attorney included in the agreement between McAdam and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). McAdam takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made; and
- The Independent Managers to be hired or fired.

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

### **Declination of Proxy Voting Authority**

McAdam generally does not accept the authority to vote a client's securities (i.e., proxies) on their behalf. Clients receive proxies directly from the Financial Institutions where their assets are custodied and may contact the Firm at the contact information on the cover of this brochure with questions about any such issuer solicitations.





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## **Item 18. Financial Information**

McAdam is not required to disclose any financial information due to the following:

- The Firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of services rendered;
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.