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**Item 1 – Cover Page**

**Brochure**

**McAlister, Sweet & Associates, Inc.**

**19500 St. Hwy. 249 Suite 345**

**Houston, TX 77070**

**281-897-0700**

**March 1, 2024**

This Brochure provides information about the qualifications and business practices of McAlister, Sweet & Associates, Inc. (“MSA,” “us,” “we” or “our”). When we use the words “you,” “your” and “client” we are referring to you as our client or our prospective client. We use the term “associated person” when referring to our officers, employees, and all individuals providing investment advice on behalf of MSA. If you have any questions about the contents of this Brochure, please contact us by phone at (281)-897-0700 or by e-mail at [bryan@msamsa.net](mailto:bryan@msamsa.net). Our website address is: [www.msamsa.net](http://www.msamsa.net). 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.

MSA is a registered investment adviser. The registration of an investment adviser does not imply any level of skill or training. The oral and written communications made to you by MSA, including the information contained in this Brochure, should provide you with information to determine whether to hire or retain MSA as your adviser.

Additional information about MSA also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s website also provides information about any persons affiliated or registered with, and or required to be registered, as investment adviser representatives of MSA.

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## Item 2 - Material Changes

Please note, that in addition to updated assets under management and minor edits, the “material changes” made to this Brochure since our last delivery or posting of the Brochure on the SEC’s public disclosure website (“IAPD”) [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). are set forth below:

Material Changes:

Address Change:      19500 St. Hwy. 249 Suite 345  
Houston, TX 77070

Our Brochure may be requested by contacting Bryan McAlister, President at 281-897-0700.

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## **Item 4 – Advisory Business**

### ***Ownership***

MSA is owned by John Richard Bryan McAlister and Michael Sweet. We were organized and commenced business in 2010 and have been a registered investment adviser since November 2017.

### ***Services Offered***

MSA and its professional consultants provide the following investment advisory services to our clients: (i) financial planning services; and (ii) portfolio management services for individuals and/or small businesses. To that end, we assist clients to develop goals that are designed to accomplish the client's needs and increases the probability of achieving the stated goals by developing effective solutions to the client's investment and administrative problems.

### ***Investment Products***

MSA may offer advice on the following as well as the foreign equivalents of the following investment products:

- Equity securities
- Exchange-listed securities
- Over-the-counter securities
- Securities of foreign issuers (including ADRs, EDRs and GDRs)
- Warrants
- Options contracts
- Corporate debt
- Certificates of deposit
- United States government securities
- Municipal securities
- Mutual funds

### ***Assets Under Management***

As of December 31, 2023, the Firm had approximately \$173,073,274 in assets under management, \$172,827,231 managed on a discretionary basis and \$246,043 managed on a non-discretionary basis.

### ***Wrap Program and Fees***

MSA sponsors a Wrap Fee Program ("Wrap Program"). We manage wrap fee accounts using the same investment process for all of our Client accounts under management. For more information on our Wrap Program and the related fees and costs, *see our Wrap Fee Brochure, Appendix 1 of Form ADV Part 2A*.

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### ***Retirement Accounts – DOL Disclosure***

We are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act of 1974 (“ERISA”) and/or the Internal Revenue Code (“Code”), as applicable, when we provide investment advice regarding portfolio assets held in an IRA, Roth IRA, Archer Medical Savings Account, a Plan covered by ERISA, or a plan described in Section 4975(e)(1)(A) of the Code (collectively referred to collectively sometimes herein as (“Retirement Accounts”).

To ensure that MSA will adhere to fiduciary norms and basic standards of fair dealing with respect to Retirement Accounts, we are required to give advice that is in the "best interest" of the retirement client. The best interest standard has two chief components, prudence and loyalty. Under the prudence standard, the advice must meet a professional standard of care and under the loyalty standard, our advice must be based on the interests of our retirement clients, rather than the potential competing financial interest of MSA.

To address the conflicts of interest with respect to our compensation, we are required to act in your best interest and not put our interest ahead of yours. To this end, we must:

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

### ***Education***

All personnel of MSA are expected to have education and business backgrounds that enable them to perform their respective responsibilities effectively. In assigning responsibilities, we consider academic background (including studies in college and graduate schools, as well as degrees earned), industry training, licenses and certifications. Work experience in a related field, such as investments, commodities, insurance, banking or accounting, is also considered. No formal, specific standards have been set, but appropriate education and experience are required. See ADV Form Part 2B for additional information.

## **Item 5 – Fees and Compensation**

Based on the investment services provided, MSA is compensated based upon a percentage of assets under management

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Advisory fees paid to MSA are based on an annual fee of up to 1% of assets under management. All fees are subject to negotiation. The amounts and specific manner in which fees are charged is negotiated and memorialized in the advisory contract between MSA and our clients. Although many fees are individually negotiated, some common fees are included on our fee schedule for your review and described further below.

Advisory fees are computed as a percentage of the closing end value of the assets under management in the account for the previous quarter. Fees are calculated by multiplying the assets under management by the relevant percent and dividing such product by four (4). Accounts opened in mid-quarter will be assessed at a pro-rated management fee. Fees are payable quarterly, in advance, and fees may be deducted from client's account(s) quarterly within thirty (30) days following the end of the quarter for which said fees will be incurred. Fees for the initial quarter will be adjusted prorate based upon the number of calendar days in the calendar quarter that the Agreement goes into effect.

Clients generally authorize us to directly debit Advisory fees from their accounts.

Fee Schedule		
Fee Type	Fee Cost	When Charged
Advisory Fees	Computed as a percentage of value of the account on the last day of the prior quarter including any margin debt in the account.  Equity Accounts: Annual Fee = All assets up to 1.00%  All advisory fees are negotiable	Quarterly, in advance

### ***Valuation***

The valuation of securities and other instruments are generally determined by their last reported sale price on the principal market in which they are traded, if traded on a market for which transaction prices are publicly reported. Otherwise, other readily marketable securities and instruments are valued by using a pricing service or by other equitable means consistent with the fiduciary duty of the money manager to determine a fair market value.

### ***Transaction Costs***

Our fees are inclusive of brokerage commissions, transaction fees, and other related costs and expenses. Under the MSA Wrap Fee, clients pay a single fee for investment advisory services and transaction costs. For more information on the MSA Wrap Program, see our Form ADV Part 2A Wrap Brochure.



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### ***Termination***

The relationship between parties may be terminated by either party upon 30 days' written notice. Notwithstanding the above, if the appropriate disclosure statement was not delivered to the client at least 48 hours prior to the client entering into any written or oral advisory agreement with MSA, then the client has the right to terminate the relationship, without penalty, within five (5) business days after entering into the agreement. If the relationship is terminated in the middle of a quarter and client has prepaid the quarterly fee, MSA will reimburse the client the percentage of the prepaid fee that equals that part of the quarter that remains after the 30-day notice is satisfied, on a pro rata basis.

### ***Other Clauses***

With respect to employee and family related accounts, the quarterly advisory fees are generally less. Additionally, MSA may charge less with respect to certain client accounts, depending upon a number of factors, including portfolio size, length of employment, and relationship to the employee.

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

MSA does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client) and does not engage in side-by-side management.

## **Item 7 – Types of Clients**

We offer portfolio management investment advice to the following types of clients:

- Individuals
- Families
- High net worth individuals
- High net worth families
- Business entities

MSA generally does not require that clients have a minimum net worth or net assets.

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

Investing in securities involves risk of loss that clients should be prepared to bear.

### ***Analysis Methods***

Security analysis methods utilized by MSA include the following:

#### ***Charting***

Charting analysis seeks to identify resistance and support reference prices for decisions to buy (price hits the support) or sell (price hits the resistance). Through charting, the analysis seeks

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to identify price patterns and market trends in financial markets. Charting may apply to long-term investing or be used as a market-timing strategy, depending on the time-frame of the price charts.

### ***Fundamental***

Fundamental analysis maintains that markets may misprice a security in the short run, but that the "correct" price will eventually be reached by the market. The fundamental analysis of a business involves analyzing a businesses: financial statements and health, management and competitive advantages, and competitors and markets. When applied to futures and forex, it focuses on the overall state of the economy, interest rates, production, earnings, and management.

### ***Technical***

Technical analysis maintains that all information is already reflected in the stock price. Technical analysis is a discipline for forecasting the direction of prices through the study of past market data, primarily price and volume. Generally, technical analysis employs models and trading rules based on price and volume transformations, such as the relative strength index, moving averages, regressions, inter-market and intra-market price correlations, business cycles, stock market cycles or, classically, through recognition of chart patterns.

### ***Cyclical***

Cyclical analysis generally targets cyclical stocks for purchase of equity securities when the ratio of price-to-earnings (P/E Ratio) is low, and sell them when the P/E Ratio is high (i.e., when earnings are peaking). The P/E Ratio is a measure of the price paid for a share relative to the annual net income or profit earned by the firm per share.

### ***Sources of Information***

The main sources of information that MSA uses to analyze these investment strategies is:

- Financial newspapers and magazines.
- Research materials prepared by others.
- Corporate rating services.
- Annual reports, prospectuses, filings with the SEC.
- Company press releases.

Other sources of information that we may use include:

- Morningstar Principia mutual fund information.
- Morningstar Principia stock information.
- Charles Schwab Institutional.
- World Wide Web.

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## ***Investment Strategies***

The investment strategies MSA uses to implement any investment advice given to clients includes the following:

- Long term Purchases (securities held at least a year).
- Short term purchases (securities sold within a year).
- Trading (securities sold within 30 days).
- Option writing, including covered options, uncovered options or spreading strategies.
- Utilization of Alternative Investments (partnerships, hedge funds, commodity pools, etc.).

## ***Investment Strategy Risks***

Investing in securities involves risk of loss that clients should be prepared to bear. All investment programs have certain risks that are borne by the investor. Our investment approach seeks to keep the risk of loss in mind. Investors face the following investment risks:

### ***General Risks***

***Lack of Diversification:*** Portfolio investments may be concentrated, and diversification may be limited. There are no limits with respect to position sizes. Any assets or combination of assets that can be held in a securities account can be purchased or sold.

***Cash and Cash Equivalents:*** Accounts may maintain significant cash positions from time to time and the client will pay the Investment Management Fee based on the net asset value of the Account, including cash and cash equivalents. Furthermore, the Account may forego investment opportunities to hold cash positions if we consider it in the best interests of the Accounts.

***Interest Rate Fluctuation:*** The prices of securities in which the Advisor may invest are sensitive to interest rate fluctuations and unexpected fluctuations in interest rates could cause the corresponding prices of the long and short portions of a position to move in directions which were not initially anticipated. In addition, interest rate increases generally will increase the interest carrying costs of borrowed securities and leveraged investments.

### ***Long term Purchases (securities held at least a year)***

***Liquidity:*** The portfolio may be invested in liquid and illiquid securities. You should be aware that liquid securities may become less liquid during the holding period.

### ***Short term purchases (securities sold within a year)***

***Market Risks:*** The success of a significant portion of the program will depend, to a great extent, upon correctly assessing the future course of the price movements of the securities traded. There can be no assurance that the trading program will be able to predict accurately these price movements. Additionally, over time, the effectiveness of the trading program may decline, including due to other market participants developing similar programs or techniques.

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### ***Trading (securities sold within 30 days)***

**Market Risks:** The success of a significant portion of a trading program will depend, to a great extent, upon correctly assessing the future course of the price movements of the securities traded. There can be no assurance that the trading program will be able to predict accurately these price movements. Additionally, over time, the effectiveness of the trading program may decline for many reasons, including other market participants developing similar programs or techniques.

**Trading is Speculative:** There are risks are involved in trading securities. Market movements are difficult to predict and are influenced by, among other things, government trade, fiscal, monetary and exchange control programs and policies; changing supply and demand relationships; national and international political and economic events; changes in interest rates; and the inherent volatility of the marketplace. In addition, governments from time to time intervene, directly and by regulation, in certain markets, often with the intent to influence prices directly. The effects of governmental intervention may be particularly significant at certain times in the financial instrument markets and such intervention (as well as other factors) may cause these markets to move rapidly.

### ***Margin Risk***

**Leverage:** We may use leverage in investing. Such leverage may be obtained through various means. The use of short-term margin borrowings may result in certain additional risks to Accounts. For example, should the securities pledged to a broker to secure a margin account decline in value, a “margin call” may be issued pursuant to which additional funds would be required to be deposited with the broker or the broker would execute a mandatory liquidation of the pledged securities to compensate for the decline in value. We might not be able to liquidate assets quickly enough to pay off the margin debt and the Accounts may therefore also suffer additional significant losses as a result of such default. Although borrowing money increases returns if returns on the incremental investments purchased with the borrowed accounts exceed the borrowing costs for such accounts, the use of leverage decreases returns if returns earned on such incremental investments are less than the costs of such borrowings.

### ***Option writing, including covered & uncovered options or spreading strategies***

**Options and Other Derivatives:** We may purchase or sell options, warrants, equity related swaps or other derivatives that trade on an exchange. Both the purchasing and selling of call and put options entail risks. An investment in an option may be subject to greater fluctuation than an investment in the underlying securities. The effectiveness of purchasing or selling stock index options as a hedging technique depends upon the extent to which price movements in the portion of the Accounts’ hedged correlate with price movements of the stock index selected. Because the value of an index option depends upon movements in the level of the index rather than the price of a particular security, whether an Account realizes a gain or loss will depend upon movements in the level of security prices in securities markets generally rather than movements in the price of a particular security.

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***Uncovered Risks:*** We may employ various “risk-reduction” techniques designed to minimize the risk of loss in Accounts. Nonetheless, substantial risk remains that such techniques will not always be possible to implement and when possible, will not always be effective in limiting losses. Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of portfolio positions or prevent losses if the value of such positions declines, but utilize other positions designed to gain from those same developments, thus moderating the decline in the portfolio positions’ value. Such hedge transactions also limit the opportunity for gain if the value of a portfolio position should increase. Moreover, it may not be possible for us to hedge against a fluctuation that is so generally anticipated that we are not able to enter into a hedging transaction at a price sufficient to protect from the decline in value of the portfolio position anticipated as a result of such a fluctuation. The success of the hedging transactions will be subject to the ability to correctly predict market fluctuations and movements. Therefore, while we may enter into such transactions to seek to reduce risks, unanticipated market movements and fluctuations may result in a poorer overall performance for the Accounts Portfolio than if we had not engaged in any such hedging transactions. Finally, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio position being hedged may vary.

#### ***Utilization of Alternative Investments***

Alternative investment products, including hedge funds, commodity hedged accounts and managed futures, involve a high degree of risk, often engage in leveraging and other speculative investment practices that may increase the risk of investment loss, can be highly illiquid, are not required to provide periodic pricing or valuation information to investors, may involve complex tax structures and delays in distributing important tax information, are not subject to the same regulatory requirements as mutual funds, often charge high fees which may offset any trading profits, and in many cases the underlying investments are not transparent and are known only to the investment manager.

### **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would-be material to your evaluation of MSA or the integrity of MSA’s management. MSA has no information which is applicable to this Item.

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

#### ***Brokerage***

Neither MSA nor its Associated Persons are affiliated with any broker-dealer or other financial institution.

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### ***Other Activities***

MSA and certain of its principal executive officers may engage in the following activities:

- Recommends to clients that they buy or sell securities or investment products in which MSA, or a related person has some financial interest.
- Buying or selling for itself securities that it also recommends to clients.

*See Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading below, for a discussion on how we address the conflicts of interest related to these activities.*

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

### ***General***

MSA has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at MSA must acknowledge the terms of the Code of Ethics annually, or as amended.

MSA anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which we have management authority to effect and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which MSA, its affiliates and/or clients, directly or indirectly, have a position of interest. Our employees and persons associated with us are required to follow our Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of MSA and its affiliates are allowed to trade for their own accounts in securities which are recommended to and/or purchased for our clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of MSA will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of our clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics to reasonably prevent conflicts of interest between MSA and its clients.

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### ***Personal Trading***

MSA and our related persons are allowed to purchase and sell securities for their own account. To prevent conflicts of interest, all employees of MSA must comply with our Code of Ethics, which imposes restrictions on the purchase or sale of securities for their own accounts and the accounts of certain affiliated persons.,

Certain affiliated accounts are allowed to trade in the same securities with client accounts on an aggregated basis when consistent with our obligation of best execution. In such circumstances, the affiliated and client accounts will receive securities at a total average price. We will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

MSA's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Bryan McAlister.

### ***Cross Trades***

It is MSA's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. We will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction.

### ***Insider Information***

Further, the Code of Ethics and Supervisory Procedures impose certain policies and procedures concerning the misuse of material non-public information that are designed to prevent insider trading by any officer, partner, or associated person of MSA.

## **Item 12 – Brokerage Practices**

### ***The Custodian and Brokers We Use***

We do not maintain custody of your assets that we manage, although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account (*see Item 15 Custody, below*). We require that our clients use Charles Schwab & Co., Inc. ("Schwab"), a FINRA registered broker-dealer, member SIPC, as your qualified custodian. We are independently owned and operated and not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we require that you use Schwab as your custodian and broker for the execution of transactions in

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your account, you will decide whether to do so, and you will open your account with Schwab by entering into and client account agreement, directly with them. To that end, we will not open your account for you. While not all advisors require their clients to use a particular broker-dealer or custodian selected by the advisor, we do and should you not wish to place your assets with Schwab, then we will not manage your account.

### ***Your Custody and Brokerage Costs***

For our client portfolio accounts that are maintained at Schwab, Schwab generally does not charge you separately for custody services.

### ***Products and Services Available to Us from Schwab***

Schwab's Advisory Services Division serves independent investment advisory firms like us. They provide us, and our clients, with access to its institutional brokerage - trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts while others help us manage and grow our business. Schwab's support services are generally available on an unsolicited basis (we do not have to request them) and at no charge to us. Here is a more detailed description of Schwab's support services:

### ***Services that Benefit You***

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

### ***Services that May Not Directly Benefit You***

Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. In addition to investment research, Schwab also makes available software and other technology that:

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



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### ***Services that Generally Benefit Only Us***

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

- educational conferences and events
- 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.

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits such as occasional business entertainment of our personnel.

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

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. The Client Transition Commitment gives us an incentive to require that you maintain your account with Schwab based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as your qualified custodian and broker is in the best interests of our clients. It is primarily supported by the scope, quality and price of Schwab's services and not Schwab's services that benefit only us, and as such, we believe that we have mitigated such potential conflict of interest.

### ***Trade Aggregation***

When MSA trades the same security in more than one client account, we generally attempt to batch or "bunch" the trades in order to create a "block transaction." Generally, buying and selling in blocks helps create trading efficiencies, prompt attention and desired price execution. Notwithstanding that, we manage on a portfolio-by-portfolio basis and not necessarily on a "model portfolio basis." As a result, we may not be able to batch all trades.

When entering block transaction, we generally determine the full allocation to each participating account at the time the orders are placed. When execution of the order is completed in a single trading day, the block transaction is average priced and allocated in full to the accounts that were part of the block transaction. When both client and employee related accounts participate in a block transaction, they receive the same average price calculation.

When execution of the order is not completed in a single day ("Partial Fill"), the account allocation of shares purchased or sold in the Block Trade is provided to the broker-dealer on a pro-rata basis at the end of the day's trading. Any allocation procedures administered are not intended to operate concurrently to favor or disfavor the same accounts.

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## **Item 13 – Review of Accounts**

### ***Account Review***

Bryan McAlister, President, or his designee will review all accounts on a quarterly basis and compare each investment on a transaction basis to assure that each transaction is: (i) suitable to the respective client's investment objectives; (ii) meets that client's quality standards; and (iii) to make sure that their investment objectives are still pertinent to the managed account arrangement. More frequent reviews can be triggered by material changes in variables such as the client's individual circumstances or the market economic or political environment.

### ***Reports***

The clients receive brokerage transaction confirmations and monthly statements from the custodian of the account.

### ***Trade Errors***

In the event of a trade error in your account, our policy is to attempt to correct trading errors as soon as they are discovered; however, the Firm will not be responsible for poor executions or trading errors committed by the brokers with which it transacts, unless such errors resulted from MSA's negligence, fraud or willful misconduct. Notwithstanding the above, based on the circumstances, corrective actions generally include:

- Canceling the trade.
- Adjusting an allocation and/or
- Reimbursement to the account.

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

### ***Client Referrals***

MSA does not utilize or pay third party solicitors for the referral of advisory clients to us.

### ***Other Compensation***

#### ***Brokerage Compensation***

Neither MSA nor its Associated Persons are affiliated with a broker-dealer or other financial institution. As such, we do not receive or participate in brokerage compensation and or Rule 12b-1 fees for mutual fund transactions.

#### ***Tax Preparation***

MSA also provides tax preparation services to individuals and business entities. This service is included in the fees paid for our advisory services. This relationship can create a conflict of interest in that it could be perceived that we use our relationship of trust to move your tax preparation and or advisory services to a firm that is affiliated through common control. We manage this conflict by monitoring and disclosing such potential conflicts in accordance with our

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fiduciary duty as your adviser, and monitoring those activities to assure that we act in your best interest. Our tax preparation services are included but not mandatory. We reserve the right not to not offer tax preparation services if the service exceeds our expertise.

## **Item 15 – Custody**

### ***Selection of Custodian***

Schwab was selected as the qualified custodian and the executing and clearing broker based upon, among other things, its financial solvency and credibility, its level of customer service, its trade execution capability, its managed account trading desk and its reputation. For a full description of the services, see Brokerage Practices, Other Financial Industry Activities and Affiliations, and Client Referrals and Other Compensation.

### ***Custody Overview***

#### ***Custody Rule***

The Custody Rule provides that it is a fraudulent, deceptive or manipulative act, practice or course of business within the meaning of Section 206(4) of the Advisers Act for an investment adviser that is registered or required to be registered under the Advisers Act to have “custody” of client funds or securities unless they are maintained in accordance with the requirements of the rule. In this regard, where an investment adviser has custody of client funds or securities, it must obtain a surprise examination of client assets by an independent public accountant.

#### ***Invoicing***

MSA is deemed to have custody of the funds and securities as a consequence of its authority to make withdrawals from client accounts to pay its advisory fee. However, a surprise examination is not required because MSA has written authorization from each client to deduct advisory fees from the account held with the qualified custodian and each time a fee is directly deducted from a client account, we send the qualified custodian an invoice or statement of the amount of the fee to be deducted from the client’s account.

#### ***Standing Letters of Authority (“SLOA”)***

MSA has been deemed to have inadvertent custody as a result of your providing us with SLOAs to withdraw funds from your portfolio account to pay third parties. Notwithstanding that, a surprise examination is not required as we are relying on the conditions set forth in the No-Action letter issued by the Securities and Exchange Commission on February 21, 2017. Pursuant to the conditions set forth in the No-Action Letter, MSA confirms that (1) you provide an instruction to the qualified custodian, in writing, that includes your signature, the third party’s name, and either the third party’s address or the third party’s account number at a custodian to which the transfer should be directed; (2) you authorize us, in writing, either on the qualified custodian’s form or separately, to direct transfers to the third party either on a specified schedule or from time to time; (3) Schwab performs appropriate verification of the instruction, such as a

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signature review or other method to verify the your authorization, and Schwab provides a transfer of funds notice to you promptly after each transfer; (4) you have the ability to terminate or change the instruction to Schwab; (5) we have no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the your instruction; (6) we maintain records showing that the third party is not a related party of MSA or located at the same address as MSA; and (7) Schwab sends you, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

### ***Statements***

You should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains your investment assets. We urge you to carefully review such statements and compare such official custodial records to the account statements that we or your money manager may provide to you, if any. Our statements vary from custodial statements based on accounting procedures and reporting formats.

## **Item 16 – Investment Discretion**

### ***Discretionary Authority***

We usually receive discretionary authority from you at the outset of an advisory relationship. That discretionary authority allows us to make determinations regarding the securities that are to be bought and sold, as well as the quantities of such securities.

### ***Documentation of Discretion***

Discretionary authority is provided in our contract with each client. Additionally, we maintain a Limited Power of Attorney for all our discretionary accounts for the purpose of directing and or effecting investments, for the direct payment of fees and or the payment of commissions, custodial fees and or other charges incurred by the managed account.

### ***Discretionary Management***

In all cases, however, our discretion is to be exercised in a manner consistent with the stated investment objectives for the particular account. Thus, when selecting securities and determining amounts, we observe the investment policies, limitations and restrictions of the clients for which it advises. Additionally, in many cases, the discretion is subject to mutually agreed upon investment guidelines relative to the client's portfolio. Investment guidelines and restrictions must be provided to MSA in writing.

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

As a matter of firm policy and practice, MSA does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios.

## **Item 18 – Financial Information**

We are required to provide you with certain financial information or disclosures about financial condition which would impede our ability to provide the advisory services described herein. MSA has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.