

# **Garrison Murphy Wealth Management, LLC**

**50 Fountain Plaza  
Suite 1400  
Buffalo, NY 14202**

**Telephone: 716-462-5468**

**[www.gmwmlc.com](http://www.gmwmlc.com)**

**March 20, 2024**

## **FORM ADV PART 2A BROCHURE**

This brochure provides information about the qualifications and business practices of Garrison Murphy Wealth Management, LLC. If you have any questions about the contents of this brochure, contact us at 716-462-5468. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Garrison Murphy Wealth Management, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Garrison Murphy Wealth Management, LLC is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## **Item 2 Summary of Material Changes**

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since our last annual updating amendment, dated March 30, 2023, we have the following material changes to report:

- In Item 4 we have updated our assets under management.

## Item 3 Table of Contents

Item 2 Summary of Material Changes .....	2
Item 3 Table of Contents .....	3
Item 4 Advisory Business .....	4
Item 5 Fees and Compensation .....	6
Item 6 Performance-Based Fees and Side-By-Side Management.....	8
Item 7 Types of Clients .....	8
Item 8 Methods of Analysis, Investment Strategies and Risk of Loss .....	8
Item 9 Disciplinary Information .....	17
Item 10 Other Financial Industry Activities and Affiliations .....	17
Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	18
Item 12 Brokerage Practices .....	18
Item 13 Review of Accounts .....	21
Item 14 Client Referrals and Other Compensation .....	22
Item 15 Custody .....	22
Item 16 Investment Discretion .....	22
Item 17 Voting Client Securities .....	23
Item 18 Financial Information .....	23
Item 19 Requirements for State-Registered Advisers.....	23
Item 20 Additional Information .....	23

## Item 4 Advisory Business

### Description of Firm

Garrison Murphy Wealth Management, LLC is a registered investment adviser primarily based in Buffalo, NY. We are organized as a limited liability company ("LLC") under the laws of the State of DE. We have been providing investment advisory services since August 31, 2018. We are primarily owned by Twenty-One-Twenty, Inc., and TEEM Eire Inc., and indirectly owned by Nickole M. Garrison and Todd R. Murphy.

The following paragraphs describe our services and fees. Refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words "we," "our," and "us" refer to Garrison Murphy Wealth Management, LLC and the words "you," "your," and "client" refer to you as either a client or prospective client of our firm.

### Wealth Advisory Services

We provide integrated wealth advisory services to our clients taking into account the desired outcome, level of complexity and overall scope of engagement as determined during initial and ongoing meetings.

As part of providing these integrated services we may offer advice on a variety of interrelated issues including situational analysis, cash flow, budgeting, financial planning, estate planning, discretionary portfolio management services, risk mitigation and family education/sustainability services. All services are conducted in coordination with the clients' outside advisors including accountants, insurance providers and attorneys. Our investment advice is tailored in all cases to meet our clients' needs, circumstances and investment objectives.

If you participate in our discretionary portfolio management services, we require you to grant our firm discretionary authority to manage your account. Discretionary authorization will allow us to determine the specific securities, and the amount of securities, to be purchased or sold for your account without your approval prior to each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm and the appropriate trading authorization forms.

You may limit our discretionary authority (for example, limiting the types of securities that can be purchased or sold for your account) by providing our firm with your restrictions and guidelines in writing.

Our investment process seeks to combine our outlook for general market returns over time with our determination of client objectives and constraints in a portfolio of risk exposures thoughtfully implemented in a way that, in our judgement, is likely to provide the highest probability of successfully attaining those objectives after fees and taxes.

As a result of our integrated approach to wealth advisory services, our investment process places separate emphasis on the awareness and use of potential "structural" decisions when investing on behalf of our clients who more often than not have meaningful levels of complexity in the scale, variety, use and titling of assets they engage us in managing.

An example of such structural decisions might arise from our awareness of variation in the tax treatment of particular security types/holding vehicles and our resulting efforts to choose specific locations among client legal entities to maximize the after-tax results of ownership. We view these decisions in aggregate as a complementary source of after-fee/after-tax performance to the more

traditional spheres of asset allocation and manager selection.

As part of our portfolio management services and in addition to other types of investments (see disclosures below in this section), we may invest some or all of your assets according to one or more model portfolios developed by our firm. These models are designed for investors with varying degrees of risk tolerance, ranging from a more aggressive investment strategy to a more conservative investment approach. Clients whose assets are invested in model portfolios may not set restrictions on the specific holdings or allocations within the model, nor the types of securities that can be purchased in the model. Nonetheless, clients may impose restrictions on investing in certain securities or types of securities in their account. In such cases, this may prevent a client from investing in certain models that are managed by our firm.

We may also offer non-discretionary portfolio management services. If you enter into non-discretionary arrangements with our firm, we must obtain your approval prior to executing any transactions on behalf of your account. You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.

### **Selection of Other Advisers**

As part of our portfolio management services, we may recommend that you use the services of a third-party money manager ("TPMM") to manage all, or a portion of, your investment portfolio. After gathering information about your financial situation and objectives, we may recommend a specific TPMM or investment program to manage part of your assets. Factors that we take into consideration when making our decision(s) include, but are not limited to, the following: the TPMM's performance, methods of analysis, fees, your financial needs, investment goals, risk tolerance, and investment objectives. The TPMM(s) will utilize individual strategies according to client objectives and restraints. We will monitor the TPMM(s)' performance to ensure its management and investment style remains aligned with your investment goals and objectives.

The TPMM(s) will actively manage part of your portfolio and will assume discretionary investment authority over that portion of your account. We will assume discretionary authority to hire and fire TPMM(s) and/or reallocate your assets to other TPMM(s) where we deem such action appropriate without your prior approval.

### **Types of Investments**

We offer advice on equity securities, corporate debt securities (other than commercial paper), municipal securities, mutual fund shares, United States government securities, money market funds, real estate, REITs, ETFs, Digital Assets and Virtual Currencies, interests in partnerships investing in the public and private equity and/or debt of operating companies, real estate and oil and gas interests.

Additionally, we may advise you on various types of investments based on your stated goals and objectives. We may also provide advice on any type of investment held in your portfolio at the inception of our advisory relationship.

Since our investment strategies and advice are based on each client's specific financial situation, the investment advice we provide to you may be different or conflicting with the advice we give to other clients regarding the same security or investment.

### **Private Placement Investments**

When suitable for clients, typically accredited investors, qualified clients, and/or qualified purchasers (as those terms are defined by the Securities and Exchange Commission) with limited liquidity needs only, we may recommend and assist clients in making investments in private funds. Any private investments will be conducted exclusively via private funds offered and overseen by a reputable

manager with recognizable institutional expertise in the targeted investment area.

These funds are chosen when we believe they may offer some combination of:

- exposure to assets or investment strategies that may be uncorrelated, or less correlated, to the broad publicly traded equity and debt markets
- attractive sources of return from the assets or trading strategy that may be otherwise inaccessible or heavily constrained when offered in public investment vehicles

To evaluate the relative attractiveness between private investments and publicly-traded alternatives after considering the added risk factors and implementation issues inherent in private investments, we will typically complete some or all of the following analysis before making any initial investment recommendation, and during the ongoing period that we hold exposure to that investment:

- Initial and ongoing due diligence of the manager and the investment offering that may include:
  - Review of fund subscription materials, audited financials, historical tax reporting samples, historical investment commentary and other reporting furnished by fund manager or sponsor
  - In-person or remote attendance at fund manager or sponsor update calls, webinars, or meetings
  - Fund performance reviews: monthly, quarterly, semi-annual, or annual
  - Discussion with other investors and review of third-party due diligence sources for the manager and the fund
- Coordinating tax document delivery and ongoing tax planning related to the fund with client CPAs to monitor any unique income character and ancillary filing requirements resulting from the private structure itself or the underlying investment activity
- Evaluation and integration of applicable fund liquidity opportunities within the context of, but not limited to, client goals, objectives, tax situation, need for liquidity, and estate planning
- Discretionary management and handling of all intervening private fund cash flows – including but not limited to - initial commitments, ongoing capital calls, income/capital distributions, voluntary/involuntary redemption activity, sequential commitment structuring, target illiquidity maintenance at the portfolio level
- Awareness and integration of any unique return/risk attributes for each individual fund and the private fund commitment as a whole with the consolidated portfolio construction and expected interaction between other client investments
- Ongoing performance/valuation reporting maintenance for all individual private investments and the private fund commitment as a whole – fully integrated into the client's consolidated performance/risk reporting which covers all public and private investments across the portfolio

### **Assets Under Management**

As of December 31, 2023, we provide continuous management services for \$208,777,515 in client assets on a discretionary basis and \$0 on a non-discretionary basis.

## **Item 5 Fees and Compensation**

### **Wealth Advisory Services**

Our fee for wealth advisory services is based on a percentage of the assets in your account and is set forth in our investment advisory agreement but will not exceed 0.75% per annum.

Our annual portfolio management fee is billed and payable monthly, in arrears, based on the month end or quarter end balance of assets under advisement which may include assets not held directly at the Firm's custodian based on the scope of services agreed to in advance with the client.

If the portfolio management agreement is executed at any time other than the first day of a calendar month, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the month for which you are a client.

The firm may, in its sole discretion, negotiate to charge a lesser fee based upon the amount of work, complexity of investment management and/or time that the firm expects to employ along with certain other criteria such as the dollar amount of assets to be managed, related accounts, account composition, pre-existing/legacy client relationship and account retention.

At our discretion, we may combine the account values of family members living in the same household to determine the applicable advisory fee. For example, we may combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts. Combining account values may increase the asset total, which may result in your paying a reduced advisory fee based on any available breakpoints in our fee schedule.

We will deduct our fee directly from one or more of your accounts, proportionately or otherwise as agreed, through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when you have given our firm written authorization permitting the fees to be paid directly from your account(s). Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account and you should review all statements for accuracy.

You may terminate the portfolio management agreement upon 30 days written notice. You will incur a pro rata charge for services rendered prior to the termination of the portfolio management agreement, which means you will incur advisory fees only in proportion to the number of days in the month for which you are a client. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

### **Selection of Other Advisers**

Advisory fees charged by TPMMs are separate and apart from our advisory fees. Assets managed by TPMMs will be included in calculating our advisory fee, which is based on the fee schedule set forth in the *Wealth Advisory Services* section in this brochure. Advisory fees that you pay to the TPMM are established and payable in accordance with the brochure provided by each TPMM to which we have allocated assets on your behalf. You should review the recommended TPMM's brochure and take into consideration the TPMM's fees along with our fees to determine the total amount of fees associated with our services.

Our recommendations to use third party money managers are included in our wealth advisory fee. We do not charge you a separate fee for the selection of other advisers nor will we share in the advisory fee you pay directly to the TPMM. Advisory fees that you pay to the TPMM are established and payable in accordance with the Form ADV Part 2 or other equivalent disclosure document provided by each TPMM to whom you are referred. These fees may or may not be negotiable and you should review the recommended TPMM's brochure for information on its fees and services.

In some circumstances you may be required to sign an agreement directly with the recommended TPMM(s). You may terminate your advisory relationship with the TPMM according to the terms of your agreement with the TPMM. You should review each TPMM's brochure for specific information on how you may terminate your advisory relationship with the TPMM and how you may receive a refund, if applicable. You should contact the TPMM directly for questions regarding your advisory agreement with the TPMM.

## **Additional Fees and Expenses**

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds, exchange traded funds, separately managed accounts and private funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds, exchange traded funds, (described in each fund's prospectus to their shareholders), and separately managed accounts and private funds (described in each firm's ADV Part 2 or subscription documents). These fees will generally include a management fee and other fund expenses. You will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed, and we do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, separate account managers, private funds, our firm, and others. For information on our brokerage practices, refer to the *Brokerage Practices* section of this brochure.

We may trade client accounts on margin. Each client must sign a separate margin agreement before margin is extended to that client account. Fees for advice and execution on these securities are based on the total asset value of the account, which includes the value of the securities purchased on margin. The securities purchased on margin show as a negative amount on a client's statement and results in a lower net market value, however, the amount of the fee is based on the absolute market value. This creates a conflict of interest where we have an incentive to encourage the use of margin to create a higher market value and therefore receive a higher fee. The use of margin may also result in interest charges in addition to all other fees and expenses associated with the securities involved.

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

We do not accept performance-based fees or participate in side-by-side management. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Our fees are calculated as described in the *Fees and Compensation* section above and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

## **Item 7 Types of Clients**

We offer investment advisory services to individuals (other than high net worth individuals), high net worth individuals, charitable organizations and corporations or other businesses not listed above.

In general, we do not require a minimum dollar amount to open and maintain an advisory account; however, we have the right to terminate your Account if it falls below a minimum size which, in our sole opinion, is too small to manage effectively.

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

### **Our Methods of Analysis and Investment Strategies**

We employ both qualitative and quantitative methods of analysis in the management of client portfolios using data gathered from internally generated research and numerous third-party sources including, but not limited to: industry and government statistical publications, internet sources, investment research firms, public and private asset managers and financial media.



We generally employ a long-term investment strategy emphasizing strategic asset-allocation and asset-location decisions while utilizing third-party managers dealing in public and private assets for specific security implementation. Our efforts are focused on creating, implementing, monitoring and adjusting allocations likely to produce optimal risk-adjusted, after-tax, after-fee returns subject to the unique objectives and constraints for each client.

We may use one or more of the following methods of analysis or investment strategies when providing investment advice to you:

**Fundamental Analysis** - involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company and its industry. The resulting data is used to measure the true value of the company's stock compared to the current market value.

**Risk:** The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

**Technical Analysis** - involves studying past price patterns, trends and interrelationships in the financial markets to assess risk-adjusted performance and predict the direction of both the overall market and specific securities.

**Risk:** The risk of market timing based on technical analysis is that our analysis may not accurately detect anomalies or predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

**Private Placement Review:** For the private placement securities portion of a client's portfolio, we employ a number of different means and accesses multiple outside resources to provide for an appropriate level of due diligence in identifying various private placement and direct participation investment offerings that may be recommended to our clients. This may include sponsor financial reviews, attendance at sponsor provided due diligence meetings, attendance at industry sponsored due diligence conferences, access and review of third-party due diligence and review summaries, the hiring of our own due diligence counsel and review, consulting with other industry professionals as well as industry specialists. The due diligence process is ongoing and continual and may include the gathering of available information, such as; marketing materials, audited financial reports sponsor and investment entity operating statements, profit and loss statements, balance sheets, offering memorandums, subscription agreements, annual reports, industry outlook reports, economic studies, and others.

**Risk:** Liquidity is the ability to readily convert an investment into cash to prevent a loss, realize an anticipated profit, or otherwise transfer funds out of the particular investment. Generally, investments are more liquid if the investment has an established market of purchasers and sellers, such as a stock or bond listed on a national securities exchange. Conversely, investments that do not have an established market of purchasers and sellers may be considered illiquid. Your investment in illiquid investments may be for an indefinite time, because of the lack of purchasers willing to convert your investment to cash or other assets.

**Derivatives:** The use of derivatives involves risks different from, or possibly greater than, the risks associated with investing directly in securities or more traditional investments, depending upon the

characteristics of the particular derivative and the portfolio as a whole. Derivatives may entail investment exposures that are greater than their cost would suggest, meaning that a small investment in derivatives could have a large potential impact on performance. If manager selected by GWMM invest in derivatives at inopportune times or judge market conditions incorrectly, such investments may lower returns or result in a loss. Losses could occur if derivatives are poorly correlated with other investments, or if investments cannot be liquidated or because of an illiquid secondary market. The market for many derivatives is, or suddenly can become, illiquid. Changes in liquidity may result in significant, rapid, and unpredictable changes in the prices for derivatives. Engaging in these transactions involves risk of loss that could materially adversely affect performance.

**Counterparty Risk:** To the extent that client funds are invested in options, swaps, derivative or synthetic instruments, forward contracts, or other over-the-counter transactions (including those with respect to certain equities), the client accepts the credit risk with regard to parties with whom the account trades and may result in performance and/or settlement default. These risks may differ materially from those entailed in exchange-traded transactions. Exchange traded transactions are, in general, backed by clearing organization guarantee, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties may not benefit from such protections and expose the parties to the risk of counterparty default.

Although exchange-traded futures and options contracts are generally backed by a guarantee from a clearing corporation, an account could lose the benefit of a contract in the event that the clearing corporation becomes insolvent or experiences another source of financial distress.

There are also risks involved in dealing with custodians and brokers who settle trades and/or hold your assets. Under certain circumstances, including certain transactions where a client's assets are pledged as collateral for margin, leverage or other forms of loans, or where a client's assets are held at a non-U.S. broker, the securities and other assets deposited with the custodian or broker may not be clearly identified as being assets of the client and hence the client could be exposed to a credit risk with regard to such assets. In addition, there may be practical or time problems associated with enforcing a client's rights to its assets in the case of an insolvency of a custodian, broker or other party to which assets were pledged or held as collateral. Significant losses incurred by many investors in 2008 in relation to the bankruptcy and/or administration of Lehman Brothers Holdings and its affiliates illustrate the risks incurred in both derivatives trading and custody/brokerage arrangements. There is no certainty that, in the event of a failure of a custodian or broker that has custody of client's assets, the client would not incur losses due to their assets being unavailable for an uncontrollable and unknown period of time, or the client may ultimately fail to recover all of their assets, or be subject to both of these consequences.

**Long-Term Purchases** - securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.

**Risk:** Using a long-term purchase strategy generally assumes the financial markets will go up in the long-term which may not be the case. There is also the risk that the segment of the market that you are invested in or perhaps just your particular investment will go down over time even if the overall financial markets advance. Purchasing investments long-term may create an opportunity cost - "locking-up" assets that may be better utilized in the short-term in other investments.

**Short-Term Purchases** - securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.

**Risk:** Using a short-term purchase strategy generally assumes that we can predict how financial markets will perform in the short-term which may be very difficult and will incur a disproportionately higher amount of transaction costs compared to long-term trading. There are many factors that can affect financial market performance in the short-term (such as short-term interest rate changes, cyclical earnings announcements, etc.) but may have a smaller impact over longer periods of times.

**Margin Transactions** - a securities transaction in which an investor borrows money to purchase a security, in which case the security serves as collateral on the loan.

**Risk:** Under certain conditions and options-based strategy mandates, Adviser's clients may be required to use "margin" within their securities account(s). Before trading securities in a margin account, clients should carefully review the margin agreement provided by their registered broker-dealer to understand fully the risks involved with trading securities in a margin account. Securities purchased within a client's margin account may be paid for in full or in part with monies borrowed from the broker-dealer. The client must establish a margin account in advance if the client chooses to borrow funds from their broker-dealer. The securities held or purchased in the client's account are the collateral pledged to the broker-dealer for the margin loan.

Under Traditional Margin or Reg T margin, if the securities in the client's account decline in value, this means the collateral supporting the loan declined in value. As a result, the broker-dealer may issue a margin call and/or sell securities or other assets held within the broker-dealer's account in order to maintain the required equity to margin balance ratio, usually fifty percent (50%), in the account.

Portfolio Margin or Risk Based Margin is a margin calculation methodology that sets margin requirements for an account based upon a projected net loss of all positions in a given "security class" or "product group" as determined by the broker-dealer's model using multiple pricing scenarios. Pricing scenarios for options include changes to the inputs to a theoretical options' pricing model, including the underlying price and volatility. The goal of Portfolio Margin is to set levels of margin that more precisely reflect actual net risk. The client may benefit from Portfolio Margin in that margin requirements that are calculated based on net risk are generally lower than alternative "position" or "strategy" based methodologies for determining margin requirements. Lower margin requirements grant the client an opportunity to use more leverage to increase position size or allow the client to post less collateral, or borrow less, than with Traditional Margin calculations. Whereas Portfolio Margin usually permits greater leverage in an account, it may also result in greater losses in the event of adverse market movements. In addition, the time limit for meeting a margin deficiency is shorter with Portfolio Margin, which might cause the margin account to be subject to involuntarily liquidation. Since Portfolio Margin requirements rely on sophisticated mathematical calculations and model specific assumptions/scenarios/outcomes, clients may not be able to predict the size of future margin deficiencies. These models may not accurately capture the amount of potential loss in a portfolio. Such model errors may trigger a margin call in which additional cash or collateral must be delivered to the broker to preserve existing trade positions.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial information, liquidity needs and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio. **It is important that you notify us immediately with respect to any material changes to your financial circumstances, including for example, a change in your current or expected income level, tax circumstances, or employment status.**

We will not perform quantitative or qualitative analysis of individual securities. Instead, we will advise you on how to allocate your assets among various classes of securities or third-party money

managers. We primarily rely on investment model portfolios and strategies developed by the third-party money managers and their portfolio managers. We may replace/recommend replacing a third-party money manager if there is a significant deviation in characteristics or performance from the stated strategy and/or benchmark.

### **Tax Considerations**

Our strategies and investments may have unique and significant tax implications. Regardless of your account size or any other factors, we strongly recommend that you consult with a tax professional regarding the investing of your assets and notify us immediately of any significant changes. As part of our integrated wealth advisory service we will seek to meet regularly with you and your outside advisers to confirm our understanding of your circumstances.

### **Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

### **Other Risk Considerations**

When evaluating risk, financial loss may be viewed differently by each client and may depend on many different risks, each of which may affect the probability and magnitude of any potential losses. The following risks may not be all-inclusive but should be considered carefully by a prospective client before retaining our services.

**Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash to prevent a loss, realize an anticipated profit, or otherwise transfer funds out of the particular investment. Generally, investments are more liquid if the investment has an established market of purchasers and sellers, such as a stock or bond listed on a national securities exchange. Conversely, investments that do not have an established market of purchasers and sellers may be considered illiquid. Your investment in illiquid investments may be for an indefinite time, because of the lack of purchasers willing to convert your investment to cash or other assets.

**Credit Risk:** Credit risk typically applies to debt investments such as corporate, municipal, and sovereign fixed income or bonds. A bond issuing entity can experience a credit event that could impair or erase the value of an issuer's securities held by a client.

**Inflation and Interest Rate Risk:** Security prices and portfolio returns will likely vary in response to changes in inflation and interest rates. Inflation causes the value of future dollars to be worth less and may reduce the purchasing power of a client's future interest payments and principal. Inflation also generally leads to higher interest rates which may cause the value of many types of fixed income investments to decline.

**Horizon and Longevity Risk:** The risk that your investment horizon is shortened because of an unforeseen event, for example, the loss of your job. This may force you to sell investments that you were expecting to hold for the long term. If you must sell at a time that the markets are down, you may lose money. Longevity Risk is the risk of outliving your savings. This risk is particularly relevant for people who are retired or are nearing retirement.

### **Recommendation of Particular Types of Securities**

We recommend various types of securities and we do not primarily recommend one particular type of security over another since each client has different needs and different tolerance for risk. Each type of

security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with the investment. A description of the types of securities we may recommend to you and some of their inherent risks are provided below.

**Money Market Funds:** A money market fund is technically a security. The fund managers attempt to keep the share price constant at \$1/share. However, there is no guarantee that the share price will stay at \$1/share. If the share price goes down, you can lose some or all of your principal. The U.S. Securities and Exchange Commission ("SEC") notes that "While investor losses in money market funds have been rare, they are possible." In return for this risk, you should earn a greater return on your cash than you would expect from a Federal Deposit Insurance Corporation ("FDIC") insured savings account (money market funds are not FDIC insured). Next, money market fund rates are variable. In other words, you do not know how much you will earn on your investment next month. The rate could go up or go down. If it goes up, that may result in a positive outcome. However, if it goes down and you earn less than you expected to earn, you may end up needing more cash. A final risk you are taking with money market funds has to do with inflation. Because money market funds are considered to be safer than other investments like stocks, long-term average returns on money market funds tends to be less than long term average returns on riskier investments. Over long periods of time, inflation can eat away at your returns.

**Municipal Securities:** Municipal securities, while generally thought of as safe, can have significant risks associated with them including, but not limited to: the credit worthiness of the governmental entity that issues the bond; the stability of the revenue stream that is used to pay the interest to the bondholders; when the bond is due to mature; and, whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same amount of interest or yield to maturity.

**Bonds:** Corporate debt securities (or "bonds") are typically safer investments than equity securities, but their risk can also vary widely based on: the financial health of the issuer; the risk that the issuer might default; when the bond is set to mature; and, whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same rate of return.

**Stocks:** There are numerous ways of measuring the risk of equity securities (also known simply as "equities" or "stock"). In very broad terms, the value of a stock depends on the financial health of the company issuing it. However, stock prices can be affected by many other factors including, but not limited to the class of stock (for example, preferred or common); the health of the market sector of the issuing company; and, the overall health of the economy. In general, larger, better established companies ("large cap") tend to be safer than smaller start-up companies ("small cap") are but the mere size of an issuer is not, by itself, an indicator of the safety of the investment.

**Mutual Funds and Exchange Traded Funds:** Mutual funds and exchange traded funds ("ETF") are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities, or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. ETFs differ from mutual funds since they can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. The returns on

mutual funds and ETFs can be reduced by the costs to manage the funds. Also, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, the fund, other types of mutual funds do charge such fees which can also reduce returns. Mutual funds can also be "closed end" or "open end". So-called "open end" mutual funds continue to allow in new investors indefinitely whereas "closed end" funds have a fixed number of shares to sell which can limit their availability to new investors.

ETFs may have tracking error risks. For example, the ETF investment adviser may not be able to cause the ETF's performance to match that of its Underlying Index or other benchmark, which may negatively affect the ETF's performance. In addition, for leveraged and inverse ETFs that seek to track the performance of their Underlying Indices or benchmarks on a daily basis, mathematical compounding may prevent the ETF from correlating with performance of its benchmark. In addition, an ETF may not have investment exposure to all of the securities included in its Underlying Index, or its weighting of investment exposure to such securities may vary from that of the Underlying Index. Some ETFs may invest in securities or financial instruments that are not included in the Underlying Index, but which are expected to yield similar performance.

**Real Estate:** Real estate is increasingly being used as part of a long-term core strategy due to increased market efficiency and increasing concerns about the future long-term variability of stock and bond returns. In fact, real estate is known for its ability to serve as a portfolio diversifier and inflation hedge. However, the asset class still bears a considerable amount of market risk. Real estate has shown itself to be very cyclical, somewhat mirroring the ups and downs of the overall economy. In addition to employment and demographic changes, real estate is also influenced by changes in interest rates and the credit markets, which affect the demand and supply of capital and thus real estate values. Along with changes in market fundamentals, investors wishing to add real estate as part of their core investment portfolios need to look for property concentrations by area or by property type. Because property returns are directly affected by local market basics, real estate portfolios that are too heavily concentrated in one area or property type can lose their risk mitigation attributes and bear additional risk by being too influenced by local or sector market changes.

**Real Estate Investment Trust:** A real estate investment trust ("REIT") is a corporate entity which invests in real estate and/or engages in real estate financing. A REIT reduces or eliminates corporate income taxes. REITs can be publicly or privately held. Public REITs may be listed on public stock exchanges. REITs are required to declare 90% of their taxable income as dividends, but they actually pay dividends out of funds from operations, so cash flow has to be strong or the REIT must either dip into reserves, borrow to pay dividends, or distribute them in stock (which causes dilution). After 2012, the IRS stopped permitting stock dividends. Most REITs must refinance or erase large balloon debts periodically. The credit markets are no longer frozen, but banks are demanding, and getting, harsher terms to re-extend REIT debt. Some REITs may be forced to make secondary stock offerings to repay debt, which will lead to additional dilution of the stockholders. Fluctuations in the real estate market can affect the REIT's value and dividends.

**Limited Partnerships:** A limited partnership is a financial affiliation that includes at least one general partner and a number of limited partners. The partnership invests in a venture for financial gain such as trading of public securities, acquiring and managing an operating business, real estate development or oil exploration. The general partner will typically invest some capital but has management authority and unlimited liability. That is, the general partner runs the business and, in the event of bankruptcy, is responsible for all debts not paid or discharged. The limited partners have no management authority and confine their participation to their capital investment. That is, limited partners invest a certain amount of money and have nothing else to do with the business. However, their liability is limited to the amount of the investment. In the worst-case scenario for a limited partner, he/she loses what was invested. Profits are divided between general and limited partners according to an arrangement formed

at the creation of the partnership.

## **BLOCKCHAIN, DIGITAL ASSETS & VIRTUAL CURRENCY - RISKS AND DISCLOSURES**

THE FOREGOING CORRESPONDENCE CONTAINS VALUATION INFORMATION CONCERNING CRYPTO CURRENCIES, DECENTRALIZED APPLICATION TOKENS, PROTOCOL TOKENS, OTHER CRYPTOFINANCE COINS, TOKENS AND INSTRUMENTS BASED ON BLOCKCHAIN, DISTRIBUTED LEDGER OR SIMILAR TECHNOLOGIES ("DIGITAL ASSETS AND VIRTUAL CURRENCIES"). YOU SHOULD BE AWARE THAT GIVEN CERTAIN MATERIAL CHARACTERISTICS OF DIGITAL ASSETS AND VIRTUAL CURRENCIES INCLUDING LACK OF A CENTRALIZED PRICING SOURCE AND THE OPAQUE NATURE OF THE VIRTUAL CURRENCY MARKET, THERE CURRENTLY IS NO SOUND OR ACCEPTABLE PRACTICE FOR REGULATORS TO ADEQUATELY VERIFY THE OWNERSHIP AND CONTROL OF A DIGITAL ASSET OR VIRTUAL CURRENCY OR THE VALUATION ATTRIBUTED TO A DIGITAL ASSET OR VIRTUAL CURRENCY. THE RISKS ASSOCIATED WITH THIS ASSET CLASS INCLUDE, BUT ARE NOT LIMITED TO:

1. ***Unique Features of Virtual Currencies.*** Digital assets and virtual currencies are not legal tender in the United States and many question whether they have intrinsic value. The price of many digital assets and virtual currencies is based on the agreement of the parties to a transaction. The risks associated with the unique features of virtual currencies should be explained;
2. ***Price Volatility.*** The price of a digital asset or virtual currency is based on the perceived value of that asset and subject to changes in sentiment, which make these products highly volatile. Certain digital assets and virtual currencies have experienced daily price volatility of more than 20%. The risks associated with the extreme price volatility of virtual currencies and the possibility of rapid and substantial price movements, which could result in significant losses;
3. ***Valuation and Liquidity.*** Digital assets and virtual currencies can be traded through privately negotiated transactions and through numerous virtual currency exchanges and intermediaries around the world, none of which is yet registered or authorized with US regulators. The lack of a centralized pricing source, and the absence of a regulated exchange, pose a variety of valuation challenges. In addition, the dispersed liquidity may pose challenges for market participants trying to exit a position, particularly during periods of stress. These challenges can lead to potential mark-to-market valuation inconsistencies with the true value of the virtual currencies, which can distort the overall value of an investor's investment, either overvalued or undervalued. Finding an appropriate third party to value digital assets and virtual currencies may be difficult and challenging, and the reliability and capability of third-party valuation vendors can be extremely inconsistent, further contributing to potentially inaccurate or stale valuations;
4. ***Cybersecurity.*** The cybersecurity risks of digital assets, virtual currencies and related "wallets" or unregulated spot exchanges include hacking vulnerabilities and a risk that publicly distributed ledgers may not be immutable. A cybersecurity event could result in a substantial, immediate and irreversible loss for market participants that trade virtual currencies. Even a minor cybersecurity event in a digital asset or virtual currency is likely to result in downward price pressure on that product and potentially other virtual currencies. These hacking vulnerabilities could include at the exchange, merchant, custodian, or issuer and may result in a complete loss of investment. Finally, digital surveillance leading to 1) the theft of private keys could result in the total loss of investment and/or 2) deanonymizing users could inflict downward price pressure on the investment;

5. **Opaque Spot Market.** Digital assets and virtual currency balances are generally maintained as an address on the blockchain and are accessed through private keys, which may be held by a market participant or a custodian. Although digital assets and virtual currency transactions are typically publicly available on a blockchain or distributed ledger, the public address does not identify the controller, owner or holder of the private key. Unlike bank and brokerage accounts, digital assets and virtual currency exchanges and custodians that hold digital assets and virtual currencies do not always identify the owner. The opaque underlying or spot market poses asset verification challenges for market participants, regulators and auditors and gives rise to an increased risk of manipulation and fraud, including the potential for Ponzi schemes, bucket shops and pump and dump schemes;
6. **Virtual Currency Exchanges, Intermediaries and Custodians.** Digital asset and virtual currency exchanges, as well as other intermediaries, custodians and vendors used to facilitate virtual currency transactions, are relatively new and largely unregulated in both the United States and many foreign jurisdictions. Digital asset and virtual currency exchanges generally purchase these assets for their own account on the public ledger and allocate positions to customers through internal bookkeeping entries while maintaining exclusive control of the private keys. Under this structure, digital asset and virtual currency exchanges collect large amounts of customer funds for the purpose of buying and holding these assets on behalf of their customers. The opaque underlying spot market and lack of regulatory oversight creates a risk that a digital asset and virtual currency exchange may not hold sufficient virtual currencies and funds to satisfy its obligations and that such deficiency may not be easily identified or discovered. In addition, many digital asset and virtual currency exchanges have experienced significant outages, downtime and transaction processing delays and may have a higher level of operational risk than regulated futures or securities exchanges. Finally, any insurance, bond, or trust maintained by exchanges, intermediaries, or custodians or those effecting transactions may not be sufficient to cover all losses incurred by counterparties;
7. **Regulatory Landscape.** Digital assets and virtual currencies currently face an uncertain regulatory landscape in the United States and many foreign jurisdictions. In the United States, digital assets and virtual currencies are not subject to federal regulatory oversight but may be regulated by one or more state regulatory bodies. In addition, the SEC has cautioned that many initial coin offerings are likely to fall within the definition of a security and subject to U.S. securities laws. One or more jurisdictions may, in the future, adopt laws, regulations or directives that affect digital asset and virtual currency networks and their users. Such laws, regulations or directives may impact the price of digital assets and virtual currencies and their acceptance by users, merchants and service providers, and they could potentially ban them altogether resulting in a loss of investment;
8. **Technology.** The relatively new and rapidly evolving technology underlying digital assets and virtual currencies introduces unique risks. For example, a unique private key is required to access, use or transfer a digital asset or virtual currency on a blockchain or distributed ledger. The loss, theft or destruction of a private key may result in an irreversible loss. The ability to participate in forks could also have implications for investors. For example, a market participant holding a digital asset or virtual currency position through a digital asset or virtual currency exchange may be adversely impacted if the exchange does not allow its customers to participate in a fork that creates a new product;
9. **Transaction Fees.** Many digital assets and virtual currencies allow market participants to offer miners (i.e., parties that process transactions and record them on a blockchain or distributed ledger) a fee. While not mandatory, a fee is generally necessary to ensure that a



transaction is promptly recorded on a blockchain or distributed ledger. The amounts of these fees are subject to market forces and it is possible that the fees could increase substantially during a period of stress. In addition, virtual currency exchanges, wallet providers and other custodians may charge high fees relative to custodians in many other financial markets;

10. **Digital Asset and Virtual Currency Values.** Digital asset and virtual currency values could go to zero or near zero;
11. **Trading Hours.** Digital assets and virtual currencies trade 24 hours a day, 7 days a week, and internationally. Large price moves can occur outside of normal trading business hours, which may result in the loss of all or a substantial majority of an investment due to an investor's inability to timely transact;
12. **No Investor Protection.** Digital asset and virtual currency accounts and value balances are not protected by the Federal Deposit Insurance Corporation or Securities Investor Protection Corporation;
13. **Timing.** The date or time that a digital asset or virtual currency transaction is initiated can differ from the record posted on a public ledger, and;
14. **Taxation.** Oppressive taxation regimes on digital assets and virtual currencies can result in large and unforeseen negative tax consequences reducing the value and worth of assets.

## Item 9 Disciplinary Information

We are required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of our advisory business or the integrity of our management. We do not have any required disclosures under this item.

## Item 10 Other Financial Industry Activities and Affiliations

We have not provided information on other financial industry activities and affiliations because we do not have any relationship or arrangement that is material to our advisory business or to our clients with any of the types of entities listed below.

1. broker-dealer, municipal securities dealer, or government securities dealer or broker.
2. investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund).
3. futures commission merchant, commodity pool operator, or commodity trading advisor.
4. banking or thrift institution.
5. accountant or accounting firm.
6. lawyer or law firm.
7. insurance company or agency.
8. pension consultant.
9. real estate broker or dealer.
10. sponsor or syndicator of limited partnerships.

## Recommendation of Other Advisers

We may recommend that you use a third-party money manager ("TPMM") based on your needs and suitability. We will not receive separate compensation, directly or indirectly, from the TPMM for

recommending that you use their services. Moreover, we do not have any other business relationships with the recommended TPMM(s). Refer to the *Advisory Business* section above for additional disclosures on this topic.

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

### **Description of Our Code of Ethics**

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for persons associated with our firm. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All persons associated with our firm are expected to adhere strictly to these guidelines and are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

### **Participation or Interest in Client Transactions**

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

### **Personal Trading Practices**

Our firm or persons associated with our firm may buy or sell the same securities that we recommend to you or securities in which you are already invested. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To mitigate this conflict of interest, it is our policy that neither our firm nor persons associated with our firm shall have priority over your account in the purchase or sale of securities.

### **Block Trading**

Our firm or persons associated with our firm may buy or sell securities for you at the same time we or persons associated with our firm buy or sell such securities for our own account. We may also combine our orders to purchase securities with your orders to purchase securities ("block trading"). Refer to the *Brokerage Practices* section in this brochure for information on our block trading practices.

A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To eliminate this conflict of interest, it is our policy that persons associated with our firm shall generally trade for themselves after completion of trading for client accounts on a "last in" and "last out" basis.

## **Item 12 Brokerage Practices**

We recommend that clients utilize the custody, brokerage and clearing services of National Financial Services LLC, and Fidelity Brokerage Services LLC, a securities broker-dealer and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation, (together with all affiliates, "Fidelity").

Fidelity provides Garrison Murphy Wealth Management with access to its institutional trading and custody services, which are typically not available to retail investors, and in recognition of the value of

the services the Custodian provides, you may pay higher commissions and/or trading costs than those that may be available elsewhere. These services which Fidelity provides without cost to our firm, consist of brokerage, custodial, administrative support, record keeping and related services that are intended to support us in conducting business and in serving the best interests of their clients.

As part of the arrangement, Fidelity also makes available to us, at no additional cost to our firm, certain research and brokerage services, including research services obtained by Fidelity directly from independent research companies. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest.

We seek to recommend a custodian/broker that will hold your assets and execute transactions on terms that are, overall, the most favorable compared to other available providers and their services. We consider various factors, including:

- Capability to buy and sell securities for your account itself or to facilitate such services.
- The likelihood that your trades will be executed.
- Availability of investment research and tools.
- Overall quality of services.
- Competitiveness of price.
- Reputation, financial strength, and stability.
- Existing relationship with our firm and our other clients.

Fidelity generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Fidelity account. Fidelity's commission and custody rates applicable to our client accounts were negotiated based on the expected value of clients' assets to be held in accounts at Fidelity. This benefits you because the overall commission rates you pay are lower than they would be if we had not negotiated them. In addition to commissions, Fidelity charges you a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Fidelity account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Fidelity execute most trades for your account.

### **Research and Other Soft Dollar Benefits**

We do not have any soft dollar arrangements.

### **Economic Benefits**

As a registered investment adviser, we have access to the institutional platform of your account custodian. As such, we will also have access to research products and services from your account custodian and/or other brokerage firm that enhance our ability to serve you. These products may include financial publications, information about particular companies and industries, research software, and other products or services that provide lawful and appropriate assistance to our firm in the performance of our investment decision-making responsibilities.

In addition, we receive services that generally benefit only us which are 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. Fidelity may provide some of these services itself and in other cases, it will arrange for third-party vendors to provide the services to us. Fidelity may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Fidelity

may also provide us with other benefits such as occasional business entertainment of our personnel.

Such research products and services are provided to all investment advisers that utilize the institutional services platforms of these firms and are not considered to be paid for with soft dollars. However, you should be aware that the commissions charged by a particular broker for a particular transaction or set of transactions may be greater than the amounts another broker who did not provide research services or products might charge.

The stipulation of asset minimums for our firm, availability of funds for the payment of start-up, transition and ongoing operating costs, receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest for the Firm and its clients.

Garrison Murphy Wealth Management understands its duty for best execution and considers all factors in making recommendations to clients. These research services may be useful in servicing all clients and may not be used in connection with any particular account that may have paid compensation to the firm providing such services. While we may not always obtain the lowest commission rate, we believe the rate is reasonable in relation to the value of the brokerage and research services provided.

A client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where we determine in good faith that the commission is reasonable in relation to the value of the brokerage and research services received. 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, we will seek competitive rates, to the benefit of all clients, it may not necessarily obtain the lowest possible commission rates for specific client account transactions. Although the investment research products and services that may be obtained by us will generally be used to service all of our clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account. Garrison Murphy Wealth Management is independently owned and operated and not affiliated with Fidelity.

### **Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

### **Directed Brokerage**

We routinely require that you direct our firm to execute transactions through our established custodian and do not permit clients to direct brokerage. As such, we may be unable to achieve the most favorable execution of your transactions and you may pay higher brokerage commissions than you might otherwise pay through another broker-dealer that offers the same types of services. Not all advisers require their clients to direct brokerage.

### **Block Trades**

We may combine multiple orders for shares of the same securities purchased for discretionary advisory accounts we manage (this practice is commonly referred to as "block trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. Generally, participating accounts will pay a fixed transaction cost regardless of the number of shares transacted. In certain cases, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs on any given day. In the event an order is only partially filled, the shares will be allocated to participating accounts in a fair and equitable manner, typically in proportion to the size of each client's order. Accounts owned by our firm or persons

associated with our firm may participate in block trading with your accounts; however, they will not be given preferential treatment.

### **Additional Custodians - Private Funds and Alternative Investments**

While we anticipate that our primary custodian (Fidelity) will hold all client cash and publicly traded securities under most circumstances, clients that choose to participate in ownership of private funds and some alternative investments will be required to utilize a separate custodian chosen by the third-party manager investing those funds.

Private funds commonly use several service providers including a Custodian that holds cash and title for all assets acquired by the manager running the fund, and a Fund Administrator that is responsible for a number of services on behalf of both the fund manager and its investors such as: calculation of the net asset value ("NAV") including the calculation of the fund's income and expense accruals and the pricing of securities at current market value; preparation of semi-annual and annual reports to shareholders; calculation and payment to the transfer agent of dividends and distributions (if required); preparation and filing of other SEC filings/reports; calculation of the total returns and other performance measures of the fund.

In these cases where custody of some assets are "held-away" from Fidelity, we will evaluate the benefits and costs to you of paying Fidelity to continually reflect the updated valuations received from the Fund Administrator on your Fidelity statement for the sole purpose of providing a consolidated view of your assets under our management. Regardless of whether Fidelity incorporates these updates though you will still receive valuation and activity reports directly from the Fund Administrator.

Should we choose not to have Fidelity reflect the value of these assets in order to reduce your expenses, we will likely provide a supplementary report showing all assets on a consolidated basis using valuations supplied by Fidelity and the respective custodians/Fund Administrators for any assets held away from Fidelity.

## **Item 13 Review of Accounts**

The Chief Investment Officer ("CIO") and Chief Compliance Officer ("CCO") of Garrison Murphy Wealth Management monitor client portfolios and overall wealth advisory advice internally on a continuous and ongoing basis. The CIO and CCO will conduct annual reviews with you at a minimum to ensure that the services provided are consistent with your stated needs and objectives. Additional client reviews may occur during the year and may include external professional partners in addition to the CIO and CCO based on various circumstances, including, but not limited to:

- client preference,
- contributions and withdrawals,
- year-end tax planning,
- market moving events,
- security specific events, and/or,
- changes in your risk/return objectives.

### **Account Statements and Reports**

Clients are provided with transaction confirmation notices and regular summary account statements directly from the third-party custodian(s). From time-to-time or as otherwise requested, clients may also receive written or electronic reports from Garrison Murphy Wealth Management 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 Garrison Murphy Wealth

Management or an outside service provider.

## Item 14 Client Referrals and Other Compensation

We do not receive any compensation from any third party in connection with providing investment advice to you nor do we compensate any individual or firm for client referrals.

Refer to the *Brokerage Practices* section above for disclosures on research and other benefits we may receive resulting from our relationship with your account custodian.

## Item 15 Custody

As paying agent for our firm, your independent custodian will directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other qualified custodian. You will receive account statements from the qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy. We are not affiliated with the custodian and the custodian does not supervise our firm, its agents or activities.

### Wire Transfer

In cases where a client has requested that we facilitate funding of certain ongoing obligations of the client such as third-party payments or capital calls for private funds, our firm or persons associated with our firm may receive standing authority from the client to make third party wire transfers to specified recipients from time to time without the need for the client to approve each separate transaction. In these cases, an adviser with authority to conduct third party wire transfers without receiving separate client approval for each transfer is considered by the SEC to have access to the client's assets, and therefore has custody of the client's assets in any related accounts.

**Garrison Murphy Wealth Management will not seek nor accept from clients any authorization to unilaterally initiate distribution of cash or securities from client accounts to third-parties.** Any such standing instructions noted above and requested by the client will follow the form required by the client's custodian, be required to specifically pre-authorize a single third-party recipient, include a specific address and/or account number for the transfers, be revocable by the client at any time, and be signed by the client in a way that allows the custodian to verify the instruction. Garrison Murphy Wealth Management will never have the ability to change the identity of the third-party, the address, or any other information about the third-party contained in the client's instruction to the custodian and the custodian will affirm via an initial notice to the client, and re-affirm via an annual notice, the terms of the instruction.

## Item 16 Investment Discretion

Before we can buy or sell securities on your behalf, you must first sign our discretionary management agreement and the appropriate trading authorization forms.

You may grant our firm discretion over the selection and amount of securities to be purchased or sold, as well as the selection of third-party managers for your account(s) without obtaining your consent or approval prior to each transaction. You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the

investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security. Refer to the *Advisory Business* section in this brochure for more information on our discretionary management services.

## **Item 17 Voting Client Securities**

We will not vote proxies on behalf of your advisory accounts. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of applicable securities, you are responsible for exercising your right to vote as a shareholder.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitations to vote proxies.

## **Item 18 Financial Information**

Garrison Murphy 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.

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

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

## **Item 20 Additional Information**

### **Trade Errors**

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

### **Class Action Lawsuits**

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