



**Mattern Wealth Management LLC**

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March 18, 2024

**Form ADV Part 2A Brochure**

This Brochure provides information about the qualifications and business practices of Mattern Wealth Management LLC. ("MWM"). If you have any questions about the contents of this Brochure, please contact us at (785) 842-7680.

The information in this Brochure has not been approved or verified by the United States of America Securities and Exchange Commission ("SEC") or by any state securities authority.

MWM is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about MWM also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for MWM is **304520**.

**Item 2 – Material Changes**

Item 2 of this Brochure will discuss only specific material changes to the Brochure and provide clients with a summary of such changes. Additionally, we have updated our Assets Under Management pursuant to the filing of our Annual Updating Amendment on March 18, 2024.

Item 4 has been updated to reflect the update in ownership to include Kyle J. Cross, CCO. This action does not result in a change of Control of MWM. (02/23/2024)

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge. Currently, our Brochure may be requested by contacting our Chief Compliance Officer Kyle J. Cross at [kyle.cross@matternwealth.com](mailto:kyle.cross@matternwealth.com).

Additional information about MWM is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with MWM who are registered as investment adviser representatives of MWM.

(Brochure Date: 03/18/2024)

(Date of Most Recent Annual Updating Amendment: 03/18/2024)

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### **Brochure Supplement(s)**

## Item 4 – Advisory Business

MWM is a **Fee-Only** registered investment advisory firm with a **fiduciary** responsibility to its clients. MWM is owned by David Mattern and Kyle J. Cross, and has been providing advisory services since June 2019. As of December 31, 2023, MWM has \$474,293,428 in discretionary assets and \$7,317,368 in non-discretionary assets, for a total of \$481,610,796 in regulatory assets under management to report.

MWM offers a variety of advisory services, which include investment and wealth management, financial planning, and consulting services. Prior to MWM rendering any of the foregoing services, clients are required to enter into one or more written agreements with MWM setting forth the relevant terms and conditions of the advisory relationship (the 'Advisory Agreement'). MWM manages investment portfolios for individuals, high net worth individuals, trusts, businesses, and corporations. MWM will collaborate with a client to determine the client's investment objectives and investor risk profile. These investment objectives may be set forth in a written Investment Policy Statement (IPS) that describes an asset allocation that conforms to a client's risk tolerance level and expected rate of return requirements. Investment and portfolio allocation software is used to evaluate alternative portfolio designs. MWM evaluates clients' existing investments with respect to their IPS and works with new clients to develop a plan to transition from a client's existing portfolio to the portfolio recommended by MWM. MWM then continuously monitors clients' portfolio holdings and holds regular review meetings with clients regarding their accounts, as necessary.

MWM will utilize the financial information provided by the client to analyze and develop strategies and solutions to assist the client in meeting their financial goals. MWM will allocate a client's assets among various investments taking into consideration the client's unique ability, need, and willingness to take risk.

### **Investment and Wealth Management Services**

MWM manages portfolios on a discretionary and, in very limited circumstances, non-discretionary basis. MWM may also provide its clients with a broad range of services, as described in more detail below. MWM advises its clients by delivering tailored wealth management services and solutions. These services are based on a comprehensive understanding of each client's current situation, past experiences, and future goals. With this acquired knowledge MWM will create, analyze, strategize, and implement goal-oriented investment solutions. These solutions become our client's investment policy. This policy and our matched strategies are designed to be risk appropriate, cost effective and tax efficient.

MWM provides clients with wealth management services which generally include a broad range of comprehensive financial planning and consulting services, as well as discretionary and/or, in very limited circumstances, non-discretionary management of investment portfolios.

MWM primarily allocates client assets among individual equities, debt securities, exchange-traded funds ("ETFs"), and institutional mutual funds, including mutual funds offered by Dimensional Fund Advisors ("DFA"), in accordance with the client's stated investment objective and risk/volatility parameter. DFA sponsored mutual funds follow a passive asset class investment philosophy with low holdings turnover. DFA funds are generally only available through registered investment advisers approved by DFA. If you terminate our services to you and self-manage your account(s) or transition to another adviser who has not been approved by DFA to utilize DFA funds, restrictions regarding additional purchases of, or reallocation among other DFA funds will generally

apply. MWM may also occasionally recommend clients allocate a certain portion of their assets to independent investment managers ("Independent Managers").

Where appropriate, MWM may also provide advice about many types of legacy positions or other investments held in client portfolios or outside accounts. Clients may engage MWM to manage and/or advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts (to the extent permissible without an insurance license) and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans). In these situations, MWM will direct or make recommendations on a non-discretionary basis for the allocation of client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company or custodian for the plan trustee or administrator and clients retain responsibility for effecting trades in these accounts.

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

To the extent a client decides to invest with an Independent Manager or in a particular fund, those managers and funds will have their own investment practices. Those investment practices are described in each managers' Form ADV or fund's prospectus, or in its offering or other disclosure documents. In addition, selected money managers or funds typically have discretion to determine the type and amount of securities to be purchased or sold for the client for that portion of the client's assets managed by the money manager or fund.

### **Employee Retirement Income Security Act Retirement Plan Advisory Services**

For employer-sponsored retirement plans with participant-directed investments, our firm provides its advisory services as an investment advisor as defined under Section 3(21) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

When serving as an ERISA 3(21) investment advisor, the Plan Sponsor and Mattern Wealth Management share fiduciary responsibility. The plan sponsor retains ultimate decision-making authority for the investments and may accept or reject the recommendations in accordance with the terms of a separate ERISA 3(21) Investment Advisor Agreement between Mattern Wealth Management and the plan sponsor. Mattern Wealth Management may provide the following services to the Plan Sponsor:

- Screen investments and make recommendations.
- Monitor the investments and suggests replacement investments when appropriate.
- Plan cost comparison and evaluate fees paid by the employer for the plan.
- May assist the plan sponsor in developing an Investment Policy Statement ("IPS").

- Annual education for employees either through on-site or via web conference by request.

We can also be engaged to provide financial education to Plan participants. The scope of education provided to participants will not constitute “investment advice” within the meaning of ERISA and participant education will relate to general principles for investing and information about the investment options currently in the Plan. We may also participate in initial enrollment meetings and periodic workshops and enrollment meetings for new participants.

### **Independent Managers**

As mentioned above, MWM may select certain Independent Managers to actively manage a portion of its clients' assets. Pursuant to the terms of the investment advisory agreement, MWM shall have the discretion to appoint and terminate these third-party advisers. The specific terms and conditions under which a client engages an Independent Manager may also be set forth in a separate written agreement with the designated Independent Manager. In addition to this brochure, clients will also receive the written disclosure documents of the respective Independent Managers engaged to manage their assets. MWM evaluates a variety of information about Independent Managers, which may include the Independent Managers' public disclosure documents, materials supplied by the Independent Managers themselves and other third-party analyses it believes are reputable. To the extent possible, MWM seeks to assess the Independent Managers' investment strategies, past performance and risk results in relation to its clients' individual portfolio allocations and risk exposure. MWM also takes into consideration each Independent Manager's management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other factors.

MWM continues to provide services relative to the discretionary or non-discretionary selection of the Independent Managers. On an ongoing basis, MWM monitors the performance of those accounts being managed by Independent Managers. MWM seeks to ensure the Independent Managers' strategies and target allocations remain aligned with its clients' investment objectives and overall best interests.

### **Financial Planning and Consulting Services**

MWM starts with an extensive review of a client's family situation which includes assets and liabilities as well as estate, tax, and insurance needs. The Firm then employs a risk tolerance and risk capacity-focused simulation to get a detailed cash flow analysis and proposed asset allocation. Together, this information is analyzed to develop a proposed financial plan, which is designed to be dynamic in nature, ever-evolving due to life changes resulting from changes in cash flow needs, risk tolerance, time horizon, or investment objectives.

MWM's financial planning and consulting services may include any or all of the following functions:

Business Planning	Liability Management
Cash Flow Forecasting	Risk Management
Trust and Estate Planning	Charitable Planning
Financial Planning	Distribution Planning
Investment Consulting	Tax Planning
Insurance Planning	Retirement Plan Consulting

While each of these services is available on a stand-alone basis, certain of them may also be rendered in conjunction with investment portfolio management services, as part of a comprehensive wealth management engagement (described in more detail below). In performing these services, MWM is not required to verify any information received from the client or from the client's other professionals (e.g., attorneys, accountants, etc.), and is expressly authorized to rely on such information. MWM may recommend clients engage the firm for additional related services, or we may recommend other professionals to implement recommendations made by MWM. Such additional services by MWM or another professional will be provided for additional compensation, commensurate with the nature, extent, complexity, and other characteristics of such services. Clients are advised that a conflict of interest exists because the firm will have an incentive to recommend such additional services based on the compensation to be received, rather than solely based on the client's needs, and in some cases, based on the prospect of cross-referrals of advisory clients from the other professional or his or her firm.

MWM also provides advice in the form of financial consultations. This hourly service consists of consultations based on specific investment and financial concerns of the client. Consulting services may include, for example, assistance with establishing and implementing a retirement plan, preparation or review of an investment policy statement, the compilation of reports on various investment accounts, and asset allocation recommendations. The scope and depth of the consultation varies depending on the client's particular circumstances and needs. MWM provides financial planning and consulting services to non-advisory clients for a fixed fee or hourly fee.

Clients are under no obligation to act upon any recommendations made by MWM under a financial planning or consulting engagement or to engage the services of a third-party professional. Clients retain the absolute right to decide whether or not to act on such recommendations, and if they choose to act on such recommendations, whether to engage the Firm or such professional for such services or to engage another investment adviser or professional of their choosing, which may charge less (or more) for such services. Should a client choose to implement the recommendations contained in the plan, MWM suggests the client work closely with his/her attorney, accountant and/or insurance agent.

Implementation of financial plan recommendations is entirely at the client's discretion. Financial planning recommendations are of a generic nature and are not limited to any specific product or service offered by a broker dealer or insurance company.

#### **No Legal, Accounting or Tax Advice.**

MWM will act solely in its capacity as a registered investment advisor and does not provide any legal, accounting or tax advice. Client should seek the counsel of a qualified accountant and/or attorney when necessary. MWM may assist clients with tax harvesting, and we will work with a client's tax specialist to answer any questions related to the client's portfolio account.

### **Item 5 – Fees and Compensation**

MWM offers investment and wealth management services for an annual fee based on the amount of assets under the firm's management. The specific manner in which fees are charged by MWM is established in a client's written investment advisory agreement. MWM will generally bill its fees in arrears each calendar quarter

based on the client's average daily balance. Clients may elect to be billed directly for fees or to authorize MWM to directly debit fees from the client's portfolio accounts.

Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

For investment and wealth management services MWM provides with respect to certain client holdings (e.g., held-away assets, 529 plans, etc.), MWM may negotiate a fee rate that differs from the range set forth below. MWM, may, in its sole discretion, negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing/legacy client relationship, account retention and pro bono activities. Clients should note that similar advisory services may be available from other registered investment advisers for similar or lower fees.

MWM's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third-party investments and other third parties such as fees charged by independent managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. For clients with assets custodied at First Clearing, there is an annual administrative custodial fee charged quarterly in arrears. This fee is charged by TradePMR and is not shared with MWM. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to MWM's fee, and MWM shall not receive any portion of these commissions, fees, and costs.

MWM has contracts with multiple broker dealers and custodians for services including trade processing, collection of management fees, record maintenance, report preparation, marketing assistance and research. Item 12 further describes the factors that MWM considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

### **Investment Management Services**

The annual fee for MWM's investment management services is charged on a quarterly basis and is based on a percentage of the assets under management/advisement with a maximum fee of 1.25% per year depending on the size and complexity of the client's accounts as well as services required, specifically negotiated fees and historically grandfathered fee schedules. Fees will typically be tiered and the fee is calculated by applying a different fee rate to each corresponding range of account balance of the portfolio.

The specific fee schedule charged by MWM is established in a client's written agreement with MWM.

Advisory fees shall apply to cash balances unless negotiated or agreed upon otherwise. As agreed between MWM and Client, individual accounts for immediate family members are aggregated, and the fee is charged based on the total value of all family members' accounts.



This fee schedule is a tiered fee schedule which may be based on cumulative household assets under management. However, certain ERISA rules prevent householding corporate plans with personal assets for fee reduction.

### **Separate Financial Planning and Consulting Fee**

Fees for financial planning and/or consulting services can be billed on a project, fixed rate, or an hourly rate of \$300 per hour. The fee shall not exceed \$10,000. There is no minimum fee required for this service and fees are due and payable as incurred. MWM may agree with clients to charge fixed fees for consulting.

Based on the task(s) to be performed, MWM and the client may agree on a fixed fee based on an estimate of the number of hours and complexity of the work necessary for completion. MWM will request an initial deposit to initiate consulting services. MWM will not request the prepayment of fees more than \$1,200 more than six months in advance.

### **Retirement Rollover Recommendations**

MWM is a fiduciary under ERISA with respect to investment management services and investment advice provided to ERISA Clients, including ERISA plan participants. MWM is also a fiduciary under the Internal Revenue Code (the "IRC") with respect to investment management services and investment advice provided to ERISA plans, ERISA plan participants, IRA owners and IRAs. As such, MWM is subject to specific duties and obligations under ERISA and the IRC that include, among other things, prohibited transaction rules which are intended to prohibit fiduciaries from acting on conflicts of interest. When a fiduciary gives advice in which it has a conflict of interest, the fiduciary must either avoid or eliminate the conflict or rely upon a prohibited transaction exemption.

A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted; (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted; (iii) roll over to an Individual Retirement Account ("IRA"); or (iv) cash out the account value. A conflict of interest arises when MWM makes recommendations about ERISA plan distributions and rollovers ("rollover recommendations") if it results in MWM receiving compensation that it would not have received absent the recommendation, for example, fees for advising a rollover IRA. MWM will manage this conflict through a process designed to develop an informed recommendation in the best interest of the client. No client is under any obligation to roll over ERISA plan or IRA assets to an account advised or managed by MWM. When MWM makes a rollover recommendation, it is fiduciary advice under both the Investment Advisers Act of 1940 and ERISA. In addition to being a conflict of interest, it is also a prohibited transaction under ERISA where MWM receives compensation from the rollover IRA that it would not have received absent the recommendation. In that circumstance, MWM will comply with the conditions of exceptions to the prohibited transaction rules (e.g., an applicable prohibited transaction exemption such as PTE 2020-02 or non-enforcement policy).

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

MWM 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). All fees are calculated as described above and are not charged on the

basis of income or capital gains or capital appreciation of the funds or any portion of the funds of an advisory client.

### **Item 7 – Types of Clients**

MWM offers advisory services to individuals, high net worth individuals, families, trusts, estates, businesses, and retirement plans. The amount of each type of Client is available on MWM's Form ADV Part 1A. These amounts may change over time and are updated at least annually by MWM.

MWM generally does not impose a minimum size for establishing a relationship. However, certain investments and strategies may require certain minimums for effective implementation.

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

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

MWM will carefully construct a tax-efficient and cost-effective asset allocation strategy based on a client's unique cash flow needs, stated return and risk profile. Security selection is based on qualitative, quantitative, technical, and relative strength metrics. Portfolios holdings are constantly monitored and adjusted as market conditions and our clients' circumstances dictate. Clients may hold or retain other types of assets as well, and MWM may offer advice regarding those various assets as part of its services. Advice regarding such assets will generally not involve asset management services but may help to more generally assist the client.

MWM predominantly allocates client assets to a combination of active and passive (tax-efficient and cost-effective) strategies, utilizing combinations of publicly traded securities such as stocks, bonds, ETFs, mutual funds, and/or separately managed portfolios. Nevertheless, individual client circumstances may dictate the use of other types of securities, actively managed portfolios, or alternative investments.

As noted in Item 4 above, MWM recommends funds offered by DFA, in addition to other fund companies. DFA offered funds are only available for investment to clients of registered investment advisers that are subject to approval by DFA. This means that the termination of a client's relationship with MWM would eliminate the ability to make additional investments in DFA funds unless the client establishes a relationship with another DFA approved registered investment adviser.

#### **Risk of Loss**

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

All investments present the risk of loss of principal – the risk that the value of securities (e.g., stocks, mutual funds, ETFs, bonds, etc.), when sold or otherwise disposed of, may be less than the price paid for the securities. Even when the value of the securities when sold is greater than the price paid, there is the risk that the appreciation will be less than inflation. In other words, the purchasing power of the proceeds may be less than the purchasing power of the original investment.

MWM may recommend a variety of types of funds to our clients, including, but not limited to, U.S. or offshore unit investment trusts, open-end and closed-end mutual funds and hedge funds, private equity funds, venture capital funds, advisory accounts, real estate investment trusts, ETFs, or other private alternative or other investment funds. An investment in such other funds and managers may present risks peculiar to the particular investment vehicle, such as: long-term illiquidity, redemption notice periods or other restrictions on redemptions, capital calls, or periodic taxable income distribution.

Although all investments involve risk, MWM's investment advice seeks to limit risk through diversification among asset classes and, as appropriate for particular clients, the investment directly in fixed income securities to represent the fixed income class.

Depending upon the client's financial needs, strategies implemented might include long term purchases (securities held at least a year), short term purchases (securities sold within a year), trading (securities sold within 30 days), short sales, margin transactions, option writing, including covered options, uncovered options or spreading strategies, structured products, and other securities or derivatives transactions.

Certain securities utilized by MWM may contain international securities. Investing outside the United States of America involves additional risks, such as currency fluctuations, periods of illiquidity and price volatility. These risks may be greater with investments in developing countries.

**Equity Securities Risk:** Equity securities (common, convertible preferred stocks and other securities whose values are tied to the price of stocks, such as rights, warrants and convertible debt securities) could decline in value if the issuer's financial condition declines or in response to overall market and economic conditions. A fund's principal market segment(s), such as large cap, mid-cap or small cap stocks, or growth or value stocks, may underperform other market segments or the equity markets as a whole. Investments in smaller companies and mid-size companies may involve greater risk and price volatility than investments in larger, more mature companies.

**Fixed-Income Securities Risk:** Fixed-income securities are subject to interest rate risk and credit quality risk. The market value of fixed-income securities generally declines when interest rates rise, and an issuer of fixed-income securities could default on its payment obligations.

**Foreign Securities Risk:** The risks of foreign securities include loss of value as a result of political or economic instability; nationalization, expropriation or confiscatory taxation; changes in foreign exchange rates and foreign exchange restrictions; settlement delays; and limited government regulation (including less stringent reporting, accounting, and disclosure standards than are required of U.S. companies). Certain of these risks are greater for investments in emerging markets.

**Cybersecurity:** The computer systems, networks and devices used by MWM and service providers to us and our clients to carry out routine business operations employ a variety of protections designed to prevent damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches. Despite the various protections utilized, systems, networks or devices potentially can be breached. A client could be negatively impacted as a result of a cybersecurity breach.

Cybersecurity breaches can include unauthorized access to systems, networks, or devices; infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow or otherwise disrupt operations, business processes or website access or functionality.

Cybersecurity breaches may cause disruptions and impact business operations, potentially resulting in financial losses to a client; impediments to trading; the inability by us and other service providers to transact business; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs, as well as the inadvertent release of confidential information.

Similar adverse consequences could result from cybersecurity breaches affecting issuers of securities in which a client invests; governmental and other regulatory authorities; exchange and other financial market operators, banks, brokers, dealers and other financial institutions and other parties. In addition, substantial costs may be incurred by these entities in order to prevent any cybersecurity breaches in the future.

### **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 MWM or the integrity of MWM's management. MWM has no information applicable to this Item.

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

MWM has no other financial industry activities or affiliations to disclose.

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

MWM strives to identify, eliminate and/or mitigate conflicts and potential conflicts of interest and has adopted policies, procedures and oversight mechanisms to address such conflicts and potential conflicts of interest. MWM has specifically adopted a Code of Ethics in compliance with Rule 204A-1 under the Investment Advisers Act of 1940. The Code of Ethics emphasizes MWM's fiduciary obligation to put client interests first and is designed to ensure personal securities transactions, activities, and interests of employees will not interfere with the responsibilities to make decisions in the best interest of clients.

MWM 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 MWM must acknowledge the terms of the Code of Ethics annually, or as amended.

MWM anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause

accounts over which MWM has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which MWM, its affiliates and/or clients, directly or indirectly, have a position of interest. MWM's employees and persons associated with MWM are required to follow MWM's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of MWM may trade for their own accounts in securities which are recommended to and/or purchased for MWM's clients.

The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of MWM 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 of Ethics, 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 MWM's clients. Nonetheless, because the Code of Ethics 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, and to reasonably prevent conflicts of interest between MWM and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with MWM's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. MWM 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.

MWM's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting our Chief Compliance Officer.

It is MWM's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. MWM 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. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. 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. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

## **Item 12 – Brokerage Practices**

Though MWM recommends brokers with which we have negotiated pricing on behalf of our clients, we do not have discretionary authority to select brokers. MWM will endeavor to select those brokers or dealers which will provide the best services at the lowest commission rates possible. The reasonableness of commissions is based on the broker's ability to provide professional services, competitive commission rates, research and other services which will help MWM in providing investment management services to clients. MWM may select a broker(s) who provides useful research and securities transaction services even though a lower commission may be charged by a broker who offers no research services and minimal securities transaction assistance.

We have negotiated competitive pricing and services with Trade-PMR, Inc. ("Trade-PMR") and Charles Schwab & Co., Inc. ("Schwab") for brokerage and trade execution services. Trade-PMR clears trades and custodies assets with First Clearing Corp. ("FCC"). FCC is a trade name used by Wells Fargo Clearing Services, LLC, a non-bank affiliate of Wells Fargo & Company. Trade-PMR acts as an introducing broker dealer on a fully disclosed basis and is not affiliated with FCC. Trade-PMR, FCC and Schwab are FINRA/SPIC member broker-dealers. The brokerage commissions and/or transaction fees charged by these broker-dealers are exclusive of and in addition to MWM's fee.

MWM regularly reviews these programs to seek to ensure that its recommendation is consistent with its fiduciary duty. Factors which MWM considers in recommending broker-dealers to clients include their respective financial strength, reputation, execution, pricing, research, and service. The commissions and/or transaction fees charged by these brokers may be higher or lower than those charged by other broker-dealers.

In addition, these broker-dealers provide MWM with access to its institutional trading and custody services, which are typically not available to retail investors. These brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

Additionally, MWM may receive the following benefits from the above stated brokers: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its participants; access to block trading which provides the ability to aggregate securities transactions and then allocates the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information. Additionally, Trade-PMR has provided MWM with nominal funding to assist with startup expenses establishing the business entity. Schwab's support services are generally available on an unsolicited basis and at no charge to us as long as we maintain a total of at least \$10 million of our clients' assets in accounts at Schwab.

The commissions paid by MWM's clients are intended to be consistent with MWM's duty to obtain "best execution." However, a client may pay a commission that is higher than what another qualified broker-dealer might charge to affect the same transaction when MWM determines, 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-dealers' services, including among others, execution capability, commission rates, and responsiveness. Consistent with the foregoing, while MWM will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client transactions.

Transactions for each client will generally be affected independently. For certain trades, MWM will block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block. Block trading allows MWM to execute equity or fixed income trades in a timely, equitable manner and to reduce overall commission charges to clients. Again, clients who do not provide MWM with brokerage discretion will not participate in block trades, and their trades in similar securities will be placed with brokers after trades for discretionary accounts. MWM does not participate in soft-dollar relationships.

Independent Managers selected by clients to manage clients' assets will generally also request the discretion to select brokers and negotiate commissions on behalf of a client. MWM will not have control over trading execution by such managers. Clients should review the Form ADV disclosure documents of such managers regarding their trading practices.

### **Item 13 – Review of Accounts**

For those clients to whom MWM provides investment management services, MWM performs periodic account reviews. This informal review may include assessing client goals and objectives, monitoring the portfolios and addressing the need to rebalance. Individual securities held in client accounts will be periodically monitored by MWM, while the firm will monitor any selected third-party managers on a quarterly basis. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, market conditions, or the political or economic environment.

Additional reviews that MWM may periodically perform include tax-planning, cash-flow needs, as well as charitable giving, insurance, and estate planning. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with MWM and to keep MWM informed of any changes thereto. MWM shall contact ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

### **Reports**

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. Those clients to whom MWM provides investment advisory services may, upon request, also receive a written report from MWM that may include such relevant account and/or market-related information such as an inventory of account holdings and account performance.

As a convenience to our clients, in addition to reporting on clients' financial assets, at a client's request, the client's global consolidated report may also include certain non-financial assets (e.g., real assets). In such instances, MWM relies on the client to provide current and accurate price or other valuation information for those assets to be included in the client's consolidated account report. MWM does not independently verify, and expressly disclaims responsibility for, the accuracy of any non-financial asset values clients provide to us to include in their reporting.

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

MWM does not maintain any referral/solicitation relationships. As noted in Item 12, MWM will receive additional benefits from broker-dealers which include electronic systems that assist in the management of MWM client accounts, access to research, the ability to directly debit client fees, software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), pricing information and other market

data, assist with back-office functions, recordkeeping and client reporting. Custodians will also provide access to electronic systems and employee training, which is a benefit to MWM.

### **Item 15 – Custody**

MWM does not maintain physical possession of any client account assets. Client's assets must be held by a bank, broker dealer, mutual fund transfer agent or other such institution deemed a 'qualified custodian' by the SEC. Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. MWM urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

### **Item 16 – Investment Discretion**

MWM usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and number of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account. Investment guidelines and restrictions must be provided to MWM in writing.

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

As a matter of firm policy and practice, MWM 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. MWM may provide advice to clients regarding the clients' voting of proxies.

### **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about MWM's financial condition. MWM 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.