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## **Form ADV, Part 2A & 2B**

### **Wrap Fee Brochure**

**MARCH 2024**

This wrap fee program brochure provides information about the qualifications and business practices of Mercury Advisory, LLC (CRD #308960) (“Mercury” or “the Firm”). If you have any questions about the contents of this Brochure, please contact us via email at [hello@mercury.com](mailto:hello@mercury.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Mercury is a registered investment adviser. The registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information that you may use to determine whether to hire or retain them.

Additional information about Mercury is also available on the SEC’s website at <https://adviserinfo.sec.gov/firm/summary/308960>. The SEC’s website also provides information about any persons affiliated with Mercury who are registered, or are required to be registered, as investment adviser representatives of Mercury.

## **Item 2 –Material Changes**

In March 2024, the Adviser reviewed this Brochure as part of its yearly annual review, and made non-material revisions to certain disclosures contained in this Brochure. Nevertheless, the Adviser encourages readers to review this Brochure in its entirety as some changes to this Brochure may be considered material to some readers and immaterial to others.

If the Adviser makes any further material changes to this Brochure, this Item will be revised to identify and discuss such changes.

The Brochure may be requested at any time, without charge, by contacting Mercury at [hello@mercury.com](mailto:hello@mercury.com) or by checking our website at <https://mercury.com>.

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## Item 4 – Services, Fees and Compensation

Mercury was founded in October 2019. Additional information about Mercury is available on the SEC’s website at <https://adviserinfo.sec.gov/firm/summary/308960>. The SEC’s website also provides information about any persons affiliated with Mercury who are registered, or are required to be registered, as investment adviser representatives of Mercury.

Mercury is a registered investment adviser (“RIA”) that offers a wrap fee program to its advisory clients (each a “Client,” and collectively, “Clients”) through an online web-based platform.

Mercury is a privately held company headquartered in San Francisco, California. Mercury Advisory is a wholly owned subsidiary of Mercury Technologies Inc, a financial technology company. Further information is provided on Part 1 of Mercury’s Form ADV, which is available online at <http://www.adviserinfo.sec.gov>.

### Wrap Fee Program

Mercury provides web-based advisory services through a wrap fee program that bundles or “wraps” services together and charges a single fee based on the value of assets under management (the “Program”). The Program is provided, primarily, through Mercury’s website, <https://mercury.com/> (the “Website”). The services included in the Program are the management of portfolio allocations and certain advisory functions with respect to the portfolios. Additional information about Mercury’s products and services is provided in Mercury’s Form ADV Part 1 available at <https://adviserinfo.sec.gov/firm/summary/308960>. Mercury encourages visiting the Website for additional information.

Mercury’s Clients consist solely of small business entities, typically venture-backed start-ups.

Clients utilize the Website, which allows a Client to allocate its financial resources into an investment portfolio designed to meet a Client’s financial goals within their respective investment risk tolerance, financial parameters, and liquidity needs. Clients with a minimum balance greater than \$250,000 and less than \$25,000,000 may choose investments offered through the “Mercury Treasury” (“Treasury”) product, a Program that includes a combination of mutual funds (“MFs”). Generally, the underlying assets of the MFs available through the Program shall consist of money market funds or fixed income (debt) securities, although MF choices with other underlying assets may be offered based upon the discretion of Mercury’s Investment Committee. Mercury provides investment advice only with respect to limited types of investments.

Clients with a minimum balance greater than \$25,000,000 may choose MFs offered through Mercury Treasury as noted above or may also qualify for the “Mercury Treasury Solutions” (“Treasury Solutions”) product which is advised by Morgan Stanley Professional Alliance Group (“Morgan Stanley”). Morgan Stanley provides custom portfolio management and a wider selection of fixed-income securities, primarily U.S. Treasury debt securities, to Treasury Solutions clients.

During Mercury Treasury Client onboarding, each Client provides its investment objectives, risk tolerance, and the monetary amount it wishes to allocate via an interactive questionnaire within the Program. After completion of the interactive questionnaire, the Program will recommend a non-discretionary investment portfolio for the Client. Clients should understand the investment portfolios rely upon the information provided by the Client during the onboarding process and Mercury does not capture any additional information not covered in the onboarding process in providing its investment advice.

Mercury does not allocate assets or directly manage accounts for Clients. The Program provides recommendations to each Client, and each Client is solely responsible for implementing such recommendations. Clients are responsible for directing purchases and sales of specific investments. Clients are not required to implement Mercury's investment advice and should carefully review all of the information provided by the Website and in the relevant MF prospectus before investing.

Mercury Treasury Solutions Clients will be introduced by a Mercury Representative to investment representatives from Morgan Stanley, who will recommend a non-discretionary investment portfolio for the Client. Clients should understand the investment representatives rely upon the information provided by the Client and information not captured is not considered in providing investment advice.

Clients are obligated to update their information through the Website or via conversation with their Relationship Manager promptly if there are changes to their financial situation, liquidity needs, risk tolerance or if other relevant information changes or becomes available.

The investments in each Client's account are held in a separate account in the name of the Client at an independent custodian, and not with Mercury. All accounts managed through the Treasury program and directly through the Website are required to use Apex Clearing Corporation ("Apex") as the custodian. Mercury does not have the authority to manage Client accounts on a discretionary basis and does not trade in any Client's account except at the Client's direction. All Treasury Solutions accounts are required to use Morgan Stanley as custodian. Mercury is independent of Morgan Stanley and Apex and all investments are held in the name of the Client.

Mercury does not allow the purchase of fractional shares.

Clients will receive Mercury's Advisory Agreement, which further details the services Clients will receive, fees charged to Clients, and the conditions of the Mercury-Client relationship. Importantly, Mercury does not provide overall financial planning services, nor does it provide tax advice.

## **Fees and Compensation**

The Program charges an annual "wrap" fee, which allows Clients to pay a single fee for investment advisory services (the "Fee"). The Fee is not based upon transactions in a Client account, but rather is a bundled fee, which includes the costs for advisory services, execution, clearance, custody and account reporting.

The Mercury Treasury product charges a Fee that is billed as the lesser of the following: (1) the amount due under the Fee Schedule set forth below (the "Fee Cap"); or (2) twenty percent of the effective federal funds rate ("EFFR"). Notwithstanding the foregoing, the Mercury Fee will never be less than five basis points (0.05%).

<b>TIERED FEE</b>	
<b>Investing Account and Deposit Account Balance</b>	<b>Mercury Fee</b>
Less than \$2,000,000	60 basis points (0.60%)
\$2,000,000 - \$4,999,999.99	45 basis points (0.45%)
\$5,000,000 - \$9,999,999.99	35 basis points (0.35%)
\$10,000,000-19,999,999.99	25 basis points (0.25%)
\$20,000,000 or more	15 basis points (0.15%)

The Mercury Fee is charged monthly, in arrears based on the daily balance in the Client account and the

Client's deposit accounts opened and accessed through our affiliate, Mercury Technologies, Inc. (together, "Deposit Account") each day during the previous month. Where the fee is based on EFFR, the Fee for each month is calculated based on the daily EFFR during the previous month. The Fee percentage is applied to invested balance in the Treasury account.

Mercury's Treasury Solutions product charges a fee of 8 basis points (0.08%) charged monthly, in arrears and based upon the daily balance in the Client account at Morgan Stanley. This fee compensates both Mercury and Morgan Stanley and includes all costs for advisory services, execution, clearance, custody and account reporting. Fees are charged to clients directly by Morgan Stanley.

The Mercury Treasury Fee is negotiable, and Mercury reserves the right to waive the Fee or any part thereof for any period for any Client in Mercury's sole discretion. The fee for Mercury Treasury Solutions is set by Morgan Stanley. For example, Mercury may, from time to time, elect to launch programs or initiatives whereby the Fee may be waived, in whole or in part, for certain categories of Clients. Any such program or initiative (i) is entirely discretionary to Mercury and may be expanded, narrowed, suspended, canceled or modified at any time by Mercury, and (ii) will be subject to any rules, guidelines and/or terms and conditions created by Mercury in connection therewith (which rules, guidelines and/or terms may be included on the Website and/or elsewhere). To the extent any such program or initiative is canceled or terminated, Clients will once again be charged the then-current Fee on a going-forward basis. Mercury shall have sole discretion in determining whether or not any existing Client or potential Client meets the requirements to participate in and/or benefit from any such program or initiative, and Mercury shall not be liable to the Client or any other party in connection with any such decision and/or in connection with the administration of any such program or initiative generally. Any program, initiative, waiver, modification or other change to the Fee noted above is only applicable to the Mercury Fee charged by Mercury. Clients may still be subject to any fees charged separately by the custodian, funds company or other third parties.

Mercury will deduct the Fee from the Client's account on a monthly basis. This Fee will be paid from funds in the account or from funds resulting from the sale of investments from the Client's account. Mercury may initiate a sale of investments from the Client's account to pay the fee. Each time a Client uses Mercury's advisory services, they reaffirm their agreement that Mercury may charge the accounts, as applicable. In the event Mercury cannot charge the applicable accounts, it reserves the right to terminate a Client's access to its advisory services. Mercury may terminate the account at its sole discretion. Each Client may also terminate its account at any time. Upon termination of a Client's account, assets are liquidated as soon as practicable, and money is returned to the Client, if applicable. Once the account termination process is initiated, Mercury will no longer accrue any fees from the Client with respect to the Client's account, although fees not yet deducted for partial months prior to the account termination process may still be deducted. In the circumstance where a Client's account is opened mid-month or terminated mid-month the Fee may be applied to the account on a prorated basis.

Mercury believes its wrap fee is reasonable considering the quality and scope of the services it provides and the fees charged by other investment advisers offering similar services/programs. For example, Mercury is able to give Clients access to mutual funds at a lower minimum initial investment than Clients may be able to access through other sources. However, by participating in a wrap fee program, Clients may end up paying more or less than they would through a non-wrap fee program where a lower advisory fee is charged, but trade execution costs are passed directly through to the Client by the executing broker. In that scenario, Clients would be responsible for any other fees charged by other parties, including the respective custodian, Apex or Morgan Stanley. Clients could also invest in MFs and other assets directly without Mercury's services. In that case, Clients would not receive the services provided by Mercury, which are designed, among other things, to assist in determining which investments are appropriate for the Client's account.

There exists a conflict of interest for Mercury and Mercury Technologies to recommend to Client the service or account that produces the most revenue for Mercury and Mercury Technologies and not the service or account that is the most suitable for a Client. This conflict is heightened where the Fee is calculated based on the combined balance of Client accounts of Mercury and Deposit Accounts opened and accessed through Mercury Technologies because in certain cases, Mercury has an incentive to recommend Clients open and access additional Deposit Accounts and for them to maintain and deposit additional funds into such Deposit Accounts. However, Client participation in the services provided by Mercury and Mercury Technologies, Inc. is strictly voluntary, and fees and related expenses are fully disclosed to a Client; therefore, this conflict is minimized.

## **Other Account Fees**

The Program includes all trade charges applicable to an account. At the current time the custodians do not charge any additional fees however, Mercury's fees do not include other related costs and expenses that custodians or other third parties may levy. Clients may incur certain charges imposed by custodians and other third parties. These include transfer fees, administrative fees and other fees and taxes on brokerage accounts and securities/asset transactions. The issuer of some of the securities or products purchased for Clients, such as MFs or other financial products, may charge product fees that affect Clients. Mercury does not charge these fees to Clients and does not benefit directly or indirectly from any such fees. A MF typically includes embedded expenses that may reduce the fund's net asset value, and therefore directly affect the fund's performance and indirectly affect a Client's portfolio performance or an index benchmark comparison. These fees are in addition to the Fee Clients pay to Mercury. Clients should review all fees charged to fully understand the total amount of fees they will pay.

## **Performance-Based Fees and Side-by-Side Management**

Mercury does not charge any performance-based fees. These are fees based on a share of capital gains on or capital appreciation of the assets of a Client. Mercury does not engage in side-by-side management. Mercury maintains only one general type of fee structure (a Wrap Fee).

## **Item 5 - Account Requirements and Types of Clients**

Mercury's Treasury Program is intended for use by Clients to gain access to a customized portfolio consisting of MFs. While there are no minimum or maximum account size requirements, prospective clients must evidence at least \$250,000 in total assets. Mercury reserves the right to impose a minimum or maximum account size or value in the future at its discretion. Fees are negotiable.

Mercury's Treasury Solutions Program is intended for use by Clients to gain access to a customized cash management portfolio consisting of fixed income securities. While there are no minimum or maximum account size requirements, prospective clients must evidence at least \$25,000,000 in total assets. Mercury reserves the right to impose a minimum or maximum account size or value in the future at its discretion. Morgan Stanley, who administers the Treasury Solutions Program may also impose minimums or maximums that are not under the control of Mercury.

## **Item 6 - Portfolio Manager Selection and Evaluation**

### **Portfolio Managers and Advisory Business**

Mercury's business is the investment advisory services provided through the Website. Please refer to Item 4 for information pertaining to our advisory business.

Clients are ultimately responsible for all investment decisions and trades. Mercury provides Clients with access to the Program for trade execution through Apex or Morgan Stanley as applicable.

The Program will maintain a selected portfolio of investments based on the Client's investment objectives, risk tolerance, and liquidity needs.

Mercury Treasury: Mercury's "Investment Committee" determines the suitable investments for the Program, which are selected via Mercury's internal selection criteria. Clients may select their portfolio based on the recommendation presented by Mercury's proprietary formula or select a different portfolio from the curated list of suitable investment portfolios presented by Mercury through the Program. The assets included in each Client portfolio have been researched and approved by Mercury's Investment Committee. Mercury's internal selection criteria includes, but is not limited to, assessing a MF's risk profile, historical performance, how well the MF tracks its benchmark, the MF's management fee and expense ratios, the liquidity prospect of the MF vis-à-vis Client needs and the management of the MF. MFs are managed by their relevant fund manager/sponsor. Mercury does not manage, control or receive compensation from MF managers.

Rebalancing and initial investments are only performed during specific hours each day. Mercury also relies on certain vendors, such as Amazon Web Services, as well as certain services offered by the custodian in order to provide portfolio rebalancing. In the event that one of these vendors is unavailable, Mercury will not have the capability to rebalance the portfolio.

Mercury Treasury Solutions: Mercury has partnered with Morgan Stanley to work directly with Treasury Solutions clients to craft a custom portfolio of fixed-income securities. Clients may select assets in their portfolio based upon the recommendations of Morgan Stanley or may select their own portfolio from the assets offered by Morgan Stanley as custodian. Mercury's compensation for Treasury Solutions is limited to a portion of the wrap fee collected by Morgan Stanley from the Client's account. Mercury does not receive compensation based upon individual products offered through Morgan Stanley and does not manage or control the products offered. For execution of transactions, clients interact directly with the Morgan Stanley online portal or a third-party portal designated by Morgan Stanley for the purpose of trade execution.

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

Mercury Treasury: Through qualitative and quantitative due diligence, Mercury selects investments to make available through the Program. Mercury selects MFs as the investment available through the Program. Mercury chooses MFs based on their transparency, liquidity, fee models, risk profile and diversification.

The MFs selected are designed to meet a conservative investment strategy with relatively low risk and high liquidity.

In Mercury's due diligence and analysis process, Mercury utilizes a form of quantitative analysis in which it analyzes the funds' fees and performance using historical market data, risk metrics and other benchmarks.

Mercury Treasury Solutions: Mercury does not conduct due diligence on individual products offered through Treasury Pro. Morgan Stanley conducts due diligence on individual products offered through the Program and utilizes their proprietary form of analysis in recommending investments. The investments offered through Treasury Pro are intended to be a fixed income portfolio that is transparent, liquid and that mitigates risk.



Investments are intended to consist primarily of US Government Securities, however other investments may be offered.

## **Investment Strategies**

**Mercury Treasury:** Mercury uses proprietary criteria to help select the investments it recommends and/or makes available through the Program to each Client. Based on the application of Mercury's proprietary criteria, which analyzes Client-supplied data on risk appetite, financial situation and liquidity needs, Mercury suggests an investment portfolio suitable for that particular Client. All dividends from investments are automatically reinvested unless a Client elects otherwise. Mercury's recommendations are designed to promote, relatively, low-risk returns within the Client-specific suitability limits and liquidity needs.

**Mercury Treasury Solutions:** Representatives from Morgan Stanley craft the investment strategy for Treasury Solutions customers using their proprietary formula and guided by a Client's stated objectives. Client inputs include, but are not limited to, risk appetite, liquidity needs and desired returns.

## **Risk of Loss**

Mercury does not guarantee the future performance of any Client's account. Clients must understand that investments made via the Program involve substantial risk and are subject to various market, currency, economic, political and business risks, and that those investment decisions and actions will not always be profitable. Clients may not get back the amount invested. Subject to the Investment Advisers Act of 1940, Mercury shall have no liability for any losses in a Client's account. The price of any security or the value of an entire asset class can decline for a variety of reasons outside of Mercury's control, including, but not limited to, changes in the macroeconomic environment, unpredictable market sentiment, forecasted or unforeseen economic developments, interest rates, regulatory changes, and domestic or foreign political, demographic, or social events. There is no guarantee that Mercury's judgment or investment decisions about particular securities or asset classes will necessarily produce the intended results. Mercury's judgment may prove to be incorrect, and a Client might not achieve its investment objectives. High volatility and/or the lack of deep and active liquid markets for an asset may prevent a Client from selling its assets at all, or at an advantageous time or price because Mercury and the Client's broker may have difficulty finding a buyer and may be forced to sell at a significant discount to market value. The Program, by its nature, limits excessive trading risk, although human programming errors may result in excessive trading or other errors. Since Mercury does not manually execute orders, likely potential causes of error are programming errors, code errors or system failures. Code executed by Mercury cannot guarantee any level of performance or that any Client will avoid a loss of account assets. Any investment in securities or assets involves the possibility of financial loss that Clients should be prepared to bear.

When evaluating risk, financial loss may be viewed differently by each Client and may depend on many different risk items, each of which may affect the probability of adverse consequences and the magnitude of any potential losses. The following risks may not be all-inclusive but should be considered carefully by a prospective Client before entering the Program. These risks should be considered as possibilities, with additional regard to their actual probability of occurring and the effect on a Client if there is, in fact, an occurrence.

**Market Risk** - The price of any security or the value of an entire asset class can decline for a variety of reasons outside of Mercury's control, including, but not limited to, changes in the macroeconomic environment, unpredictable market sentiment, forecasted or unforeseen economic developments, interest rates, regulatory changes, and domestic or foreign political, demographic, or social events. If a Client has a high allocation in

a particular asset class, it may negatively affect overall performance to the extent that the asset class underperforms relative to other market assets. Conversely, a low allocation to a particular asset class that outperforms other asset classes in a particular period will cause that Client account to underperform relative to the overall market.

**Investment Risk** - There is no guarantee that Mercury's judgment, models or investment decisions about particular securities or asset classes will necessarily produce the intended results. Mercury's judgment may prove to be incorrect, and a Client might not achieve its investment objectives. In addition, it is possible that Clients, custodians or Mercury itself may experience computer equipment failure, loss of internet access, viruses, or other events that may impair access to Mercury's software-based financial service.

**Volatility and Correlation Risk** - Clients should be aware that Mercury's asset selection process is based in part on a careful evaluation of past price performance and volatility in order to evaluate future probabilities. However, it is possible that different or unrelated asset classes may exhibit similar price changes in similar directions, which may adversely affect a Client, and may become more acute in times of market upheaval or high volatility. Past performance is no guarantee of future results, and any historical returns, expected returns, or probability projections may not reflect actual future performance.

**Liquidity and Valuation Risk** - High volatility and/or the lack of deep and active liquid markets for a security may prevent a Client from selling its securities at all, or at an advantageous time or price because Mercury and the Client's broker may have difficulty finding a buyer and may be forced to sell at a significant discount to market value. Some securities (such as MFs) that hold or trade financial instruments may be adversely affected by liquidity issues as they manage their portfolios. While Mercury's Custodians value the securities held in Client's accounts based on reasonably available exchange-traded security data, they may, from time to time, receive or use inaccurate data, which could adversely affect security valuations, transaction size for purchases or sales, and/or the resulting fees paid to Mercury.

**Credit Risk** - Mercury cannot control, and Clients are exposed to, the risk that financial intermediaries or security issuers may experience adverse economic consequences that may include impaired credit ratings, default, bankruptcy or insolvency, any of which may affect portfolio values or management. This risk applies to assets on deposit with any broker utilized by a Client, notwithstanding asset segregation and insurance requirements that are beneficial to Clients generally. In addition, exchange trading venues or trade settlement and clearing intermediaries could experience adverse events that may temporarily or permanently limit trading or adversely affect the value of securities held by Clients. Finally, any issuer of securities may experience a credit event that could impair or erase the value of the issuer's securities held by a Client. Mercury seeks to limit credit risk through MFs, which are subject to regulatory limits on asset segregation and leverage such that fund shareholders are given liquidation priority versus the fund issuer; however, certain funds and products, including those offered through the Treasury Pro product, may involve higher issuer credit risk because they are not structured as a registered fund.

**Legislative and Tax Risk** - Performance may directly or indirectly be affected by government legislation or regulation, which may include, but is not limited to: changes in investment adviser or securities trading regulation; change in the U.S. government's guarantee of ultimate payment of principal and interest on certain government securities and changes in the tax code that could affect interest income, income characterization, and/or tax reporting obligations.

**MF Risks, including Net Asset Valuations and Tracking Error** - Performance may not exactly match the performance of the index or market benchmark that the MF is designed to track because 1) the MF will incur expenses and transaction costs not incurred by any applicable index or market benchmark;

2) certain securities comprising the index or market benchmark tracked by the MF may, from time to time, temporarily be unavailable; and 3) supply and demand in the market for either the MF and/or for the assets held by the MF may cause the MF shares to trade at a premium or discount to the actual net asset value of the securities owned by the MF. Certain MF strategies may, from time to time, include the purchase of fixed income, commodities, or other securities for which expenses and commission rates could be higher than normally charged for exchange-traded equity securities, and for which market quotations or valuation may be limited or inaccurate.

Clients should be aware that to the extent they invest in MF securities, they will pay two levels of compensation - fees charged by Mercury plus any management fees charged by the issuer of the MF. This scenario may cause a higher cost (and potentially lower investment returns) than if a Client purchased the MF directly.

A MF typically includes embedded expenses that may reduce the fund's net asset value, and therefore directly affect the fund's performance and indirectly affect a Client's portfolio performance or an index benchmark comparison. Expenses of the fund may include investment adviser management fees, custodian fees, brokerage commissions, and legal and accounting fees. MF expenses may change from time to time at the sole discretion of the MF issuer. MF tracking error and expenses may vary.

**Inflation, Currency, and Interest Rate Risks** - 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 an investor's future interest payments and principal. Inflation also generally leads to higher interest rates, which in turn may cause the value of many types of fixed income investments to decline. The liquidity and trading value of currencies could be affected by global economic factors, such as inflation, interest rate levels, and trade balances among countries, as well as the actions of sovereign governments and central banks. In addition, the relative value of the U.S. dollar-denominated assets primarily managed by Mercury may be affected by the risk that currency devaluations affect Client purchasing power.

**Cybersecurity Risks** - Mercury and its service providers are subject to risks associated with a breach in cybersecurity. Cybersecurity is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from cyber-attacks and hacking by other computer users, and to avoid the resulting damage and disruption of hardware and software systems, loss or corruption of data, and/or misappropriation of confidential information. In general, cyber-attacks are deliberate, but unintentional events may have similar effects. Cyber-attacks may cause losses to Mercury's Clients by interfering with the processing of transactions, affecting Mercury's ability to calculate net asset value or impeding or sabotaging trading. Clients may also incur substantial costs as the result of a cybersecurity breach, including those associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, litigation, and the dissemination of confidential and proprietary information. Any such breach could expose Mercury to civil liability as well as regulatory inquiry and/or action. In addition, Clients could be exposed to additional losses as a result of unauthorized use of their personal information. While we have established business continuity plans, incident response plans and systems designed to prevent cyber-attacks, there are inherent limitations in such plans and systems, including the possibility that certain risks have not been identified. Similar types of cyber-security risks also are present for issuers of securities in which we invest, which could result in material adverse consequences for such issuers, and may cause a Client's investment in such securities to lose value.

**Investment Strategy Risks** - There are risks associated with the long-term core strategic holdings. The more aggressive the investment strategy, the more likely the portfolio will contain larger weights in riskier asset classes, such as equities.

**Fixed Income** - Bond markets rise and fall daily, and fixed income investments, which generally also include instruments with variable or floating rates, are subject to various risks. When interest rates rise, bond prices usually fall. The longer the duration of a bond, the more sensitive to interest rate movements its value is likely to be. A decline in the credit quality of a fixed income investment could cause the value of a fixed income product to fall. High-yield securities and unrated securities of similar credit quality (sometimes called junk bonds) are subject to greater levels of credit and liquidity risks. High-yield securities may be considered speculative.

**Government Securities Risks** - Many U.S. government securities are not backed by the full faith and credit of the United States government, which means they are neither issued nor guaranteed by the U.S. Treasury. Certain issuers of securities, such as the Federal Home Loan Banks, maintain limited lines of credit with the U.S. Treasury. Securities issued by other issuers, such as the Federal Farm Credit Banks Funding Corporation, are supported solely by the credit of the issuer. There can be no assurance that the U.S. government will provide financial support to securities of its agencies and instrumentalities if it is not obligated to do so under law.

**Reliance on Management and Other Third Parties** – MF investments will rely on third-party management and advisers. Mercury is not expected to have an active role in the day-to-day management of fund investments. Carried interest and other incentive distributions to fund management may create an incentive towards more speculative investments than would otherwise have been made.

**Market Volatility** - General fluctuations in the economy may affect the value of one or more investments. In the event of economic volatility, the ability to achieve a favorable return on investments may be severely impeded.

**Novel Coronavirus Pandemic, Public Health Emergency and Global Economic Impacts** - As of the date of this Form ADV Part 2A, there is an ongoing outbreak of a novel and highly contagious form of coronavirus (“COVID-19”), which the World Health Organization declared a pandemic on March 11, 2020. The outbreak of COVID-19 has caused a worldwide public health emergency with a substantial number of hospitalizations and deaths, and has significantly adversely impacted global commercial activity and contributed to both volatility and material declines in equity and debt markets. The global impact of the outbreak is rapidly evolving, and many country, state and local governments have reacted by instituting mandatory or voluntary quarantines, travel prohibitions and restrictions, closure or reduction of offices, businesses, schools, retail stores and other public venues and/or cancellation, suspension or postponement of certain events and activities, including certain non-essential government and regulatory activity. Businesses are also implementing their own precautionary measures, such as voluntary closures, temporary or permanent reductions in workforce, remote working arrangements and emergency contingency plans. Such measures, as well as the general uncertainty surrounding the dangers, duration and impact of COVID-19, are creating significant disruption in supply chains and economic activity, impacting consumer confidence and contributing to significant market losses, including having particularly adverse impacts on transportation, hospitality, tourism, sports, entertainment and other industries dependent upon physical presence. As COVID-19 continues to spread, potential additional adverse impacts, including a global, regional or other economic recession of indeterminate duration, are increasingly likely and difficult to assess.

The extent of the impact of COVID-19 on Mercury will depend on many factors, including the duration and scope of the resulting public health emergency, the extent of any related restrictions implemented, the impact of such public health emergency on overall supply and demand, goods and services, investor liquidity,

consumer confidence and levels of economic activity, and the extent of its disruption to important global, regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted. The effects of the COVID-19 pandemic may materially and adversely impact Mercury's ability to source, manage and divest investments and Mercury's ability to achieve its investment objectives on behalf of its Clients, all of which could result in significant losses to a Client.

In addition, COVID-19 and the resulting changes to global businesses and economies will, likely, adversely impact the business and operations of Mercury, and its respective affiliates. Certain businesses and activities may be temporarily or permanently halted as a result of government or other quarantine measures, voluntary and precautionary restrictions on travel or meetings and other factors, including the potential adverse impact of COVID-19 on the health of key personnel.

**Other Catastrophic Risks** - In addition to the potential risks associated with COVID-19 as outlined above, Mercury may be subject to the risk of loss arising from direct or indirect exposure to a number of types of other catastrophic events, including without limitation (i) other public health crises, including any outbreak of SARS, H1N1/09 influenza, avian influenza, other coronavirus, Ebola or other existing or new epidemic diseases, or the threat thereof; or (ii) other major events or disruptions, such as hurricanes, earthquakes, tornadoes, fires, flooding and other natural disasters; acts of war or terrorism, including cyberterrorism and the Ukraine-Russia conflict; or major or prolonged power outages or network interruptions.

The extent of the impact of any such catastrophe or other emergency on Mercury's operational and financial performance will depend on many factors, including the duration and scope of such emergency, the extent of any related travel advisories and restrictions, the impact on overall supply and demand, goods and services, investor liquidity, consumer confidence and levels of economic activity, and the extent of its disruption to important global, regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted. In particular, to the extent that any such event occurs and has a material effect on global financial markets or specific markets in which Mercury participates (or has a material effect on any locations in which Mercury operates or on any of their respective personnel) the risks of loss could be substantial and could have a material adverse effect the ability of Mercury to fulfill its investment objectives.

**Limitations of Disclosure** - The foregoing list of risks does not purport to be a complete enumeration or explanation of the risks involved in investing in investments. As investment strategies develop and change over time, Clients and may be subject to additional and different risk factors. No assurance can be made that profits will be achieved or that substantial losses will not be incurred.

## **Item 7 – Client Information Provided to Portfolio Managers**

Mercury has access to all Client information with respect to the particular Client accounts managed through the Website. The Website relies on the information provided by the Client through the interactive questionnaire in order to provide investment advice and recommendations.

Mercury gathers information on the Client's cash flow, assets allocated to the Program and other factors to create a Client profile.

Morgan Stanley may gather additional information from clients as part of the Treasury Pro product and does so directly in communications with the Client.

## **Item 8 – Client Contact with Portfolio Managers**

Clients may contact Mercury via email at [hello@mercury.com](mailto:hello@mercury.com).

## **Item 9 – Additional Information**

### **Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to an evaluation of such adviser or the integrity of such adviser's management. Mercury does not have any legal, financial, regulatory, or other "disciplinary" item to report to any Client. This statement applies to Mercury and to every employee of Mercury.

### **Other Financial Industry Activities and Affiliations**

Mercury is a subsidiary of Mercury Technologies, Inc. which, through partnerships with certain banking institutions, provides various banking services to its clients. Existing clients of Mercury Technologies, Inc. can elect to use the services of Mercury as an additional service along with the other services provided by Mercury Technologies, Inc. Mercury and Mercury Technologies, Inc. have overlapping officers, personnel, share office space, and share certain expenses. As discussed in Item 4, there exists a conflict of interest for Mercury and Mercury Technologies, Inc. to recommend to Client the service or account that produces the most revenue for Mercury and Mercury Technologies, Inc. and not the service or account that is the most suitable for a Client. This conflict is heightened where the Fee is calculated based on the combined balance of Client accounts of Mercury and Deposit Accounts opened and accessed through Mercury Technologies, Inc. because in certain cases, Mercury has an incentive to recommend Clients open and access additional Deposit Accounts and for them to maintain and deposit additional funds into such Deposit Accounts. However, Client participation in the services provided by Mercury and Mercury Technologies, Inc. is strictly voluntary, and fees and related expenses are fully disclosed to a Client; therefore, this conflict is minimized.

Mercury is an affiliate under common control with Mercury Investment Services LLC, a FINRA registered broker-dealer. As of the date of this Form ADV Part 2, no recommendations are made by Mercury to customers to engage investment or services of its affiliate Mercury Investment Services LLC. Mercury Investment Services LLC does not provide services to Mercury and Mercury does not provide services to Mercury Investment Services LLC. The two affiliates share some technology and employees provided by their common parent company, Mercury Technologies Inc.

### **Code of Ethics, Participation or Interest in Client Accounts and Personal Trading**

Mercury has adopted a code of ethics (the "Code of Ethics") for all supervised persons of Mercury describing its high standard of business conduct and fiduciary duty to its Clients. The Code of Ethics and the Advisor's Compliance Manual govern the activities of all supervised persons and include provisions relating to the confidentiality of Client information, a prohibition on insider trading, a prohibition of rumor-mongering, limitations on giving or receiving 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 Mercury must acknowledge the terms of the Code of Ethics and understanding of the Compliance Manual annually, or as amended. Mercury will provide a copy of the Code of Ethics upon request.

Mercury anticipates that, in appropriate circumstances, consistent with Clients' investment objectives, it will recommend to accounts advised by Mercury to effect the purchase or sale of securities in which Mercury, its

management persons and/or Clients, directly or indirectly, have a position or interest. Mercury's employees and persons associated with Mercury are required to follow Mercury's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of Mercury and its employees may trade for their own accounts in securities, which are recommended to and/or purchased for Mercury's Clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Mercury will not interfere with (i) making decisions in the best interest of 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 transactions in securities have been designated as requiring pre-approval in order to reduce the risk of a conflict of interest. Employee trading is monitored under the Code of Ethics to reasonably prevent conflicts of interest between Mercury and its Clients.

## **Brokerage Practices**

Mercury does not receive research or other products or services other than execution from broker-dealers or third parties in connection with client securities transactions (sometimes referred to as "soft dollar benefits"). Mercury does not direct client transactions to particular broker-dealers in return for soft dollar benefits. Mercury and its related persons do not receive client referrals from broker-dealers or third parties to which client transactions are directed for execution or custody. Mercury does not aggregate the purchase or sale of securities for various client accounts.

## **Review of Accounts**

**Mercury Treasury:** Mercury provides all Clients with continuous access to the Website regarding information about account status, portfolio allocations, securities, and balances. Mercury will review the curated portfolios quarterly to ensure that they are in line with investment objectives.

Clients have access to current account balances and positions through the Website. Apex prepares account statements showing all transactions and account balances during the prior quarter. All information relating to Client accounts are provided on the Website. Through an automated message via the website, Mercury requests that Clients reconfirm their current profile information as needed and on an annual basis. Mercury, as applicable, conducts reviews when material changes may have occurred to a Client's portfolio or investment objectives. Mercury will retain the Client account review documentation in its database. Mercury considers liquidity implications and the volatility associated with each of its chosen asset classes when deciding when and how to rebalance. Mercury will generally rebalance Client accounts whenever the portfolio deviates by more than 1% from the target allocation. Client accounts will be rebalanced upon the occurrence of any funding of the account, or every three months the account receives no additional funds.

**Mercury Treasury Pro:** Mercury provides Treasury Pro clients an introduction to the Morgan Stanley team. Morgan Stanley is responsible for investment recommendations, account status, portfolio allocations, securities and balances with regards to the Treasury Pro program. Communications and interactions are directly between Treasury Pro Clients and Morgan Stanley via the method Morgan Stanley indicates. Morgan Stanley will review accounts and will distribute statements to clients.

## **Client Referrals and Other Compensation**

Mercury and its related persons do not receive an economic benefit (such as sales awards or other prizes) from any third party for providing investment advice or other advisory services to Clients. However, Mercury may receive from a broker-dealer or a fund company, without cost and/or at a discount, certain services and/or products, to assist in monitoring and servicing Client accounts. These may include investment-related

research, pricing information and market data, software and other technology that provide access to Client account data, compliance and/or practice management-related publications, discounted or free consulting services, discounted or free attendance at conferences, meetings, and other educational or social events, marketing support, computer hardware or software, and other products used by Mercury to assist Mercury in its investment advisory business operations.

Mercury receives a portion of the wrap fee collected by Morgan Stanley for Treasury Pro accounts. This fee is part of, not in addition to, the fee charged by Morgan Stanley.

Mercury may offer cash payments for Client solicitations in accordance with the amended rule 206(4)-1 under the Investment Advisers Act of 1940 (the “Marketing Rule”).

## **Custody**

Mercury does not take custody of customer funds or securities. Mercury utilizes qualified custodians for the purpose of custody of customer funds and securities. Client funds and securities are held at the custodian in a separate account for each client under the client’s name. Mercury will notify each client in writing of the qualified custodian’s name, address and the manner in which funds or securities are maintained and Mercury will inquire with the custodian to reasonably ensure that the custodian sends an account statement to each client no less than quarterly. In addition, Mercury will provide its clients, or confirm that the custodian will directly provide clients, statements, confirmations, other required documentation, and other information about clients’ investing account and transactions therein.

Mercury Treasury: Per the customer agreement, clients authorize Mercury to deduct Mercury’s fee from their account at the custodian. The client also acknowledges that the custodian may charge fees separately from Mercury’s fee and the client is responsible for payment of fees charged separately by the custodian. Deduction of fees from client accounts may trigger a rebalancing of the investing account, in accordance with Mercury’s rebalancing procedures and portfolio management system, as described in the Advisory Agreement.

Mercury Treasury Solutions: Morgan Stanley will notify the client of the custodian’s name, address and manner in which funds or securities are maintained. Mercury will inquire with Morgan Stanley to gain reasonable assurance that clients receive account statements no less than quarterly and that clients are directly provided by Morgan Stanley statements, confirmations and other required documents and information. Fees are charged to clients directly by Morgan Stanley.

## **Investment Discretion**

Mercury does not accept or exercise discretionary authority to manage securities accounts on behalf of clients.

## **Voting Client Securities**

As a matter of Firm policy and practice, Mercury does not have any authority to and does not vote proxies on behalf of Clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in such Client’s portfolio. Clients will receive proxies and other solicitations directly from the designated custodian. Mercury does not provide advice to clients in regards to voting proxies.

Mercury will neither advise nor act on behalf of the Client in legal proceedings involving companies whose securities are held or previously were held in the Client’s account(s), including, but not limited to, the filing of “Proofs of Claim” in class action settlements.



## **Financial Information**

Mercury does not require or solicit the prepayment of any fees in advance, does not have discretionary authority over client funds or securities and does not have any adverse financial condition that is reasonably likely to impair Mercury's ability to continuously meet its contractual commitments to its Clients. Mercury is not and has not been the subject of a bankruptcy proceeding.