

MWP Advisory, LLC

Form ADV Part 2A – Disclosure Brochure

Effective: March 27, 2024

This Form ADV Part 2A (“Disclosure Brochure”) provides information about the qualifications and business practices of MWP Advisory, LLC (“MWP” or the “Advisor”). If you have any questions about the contents of this Disclosure Brochure, please contact the Advisor at MWP.

MWP is a registered investment advisor with U.S. Securities and Exchange Commission. The information in this Disclosure Brochure has not been approved or verified by the SEC or by any state securities authority. Registration of an investment advisor does not imply any specific level of skill or training. This Disclosure Brochure provides information about MWP to assist you in determining whether to retain the Advisor.

Additional information about MWP and its Advisory Persons is available on the SEC’s website at www.adviserinfo.sec.gov by searching with the Advisor’s firm name or CRD# 309573.

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Item 2 – Material Changes

Form ADV 2 is divided into two parts: *Part 2A (the "Disclosure Brochure")* and *Part 2B (the "Brochure Supplement")*. The Disclosure Brochure provides information about a variety of topics relating to an Advisor's business practices and conflicts of interest.

MWP believes that communication and transparency are the foundation of its relationship with Clients and will continually strive to provide its Clients with complete and accurate information at all times. MWP encourages all current and prospective Clients to read this Disclosure Brochure and discuss any questions you may have with the Advisor.

Material Changes

There have been no material changes to this Disclosure Brochure since the last filing.

Future Changes

From time to time, we may amend this Disclosure Brochure to reflect changes in business practices, changes in regulations or routine annual updates as required by the securities regulators. This complete Disclosure Brochure or a Summary of Material Changes shall be provided to each Client annually and if a material change occurs.

At any time, you may view the current Disclosure Brochure on-line at the SEC's Investment Adviser Public Disclosure website at www.adviserinfo.sec.gov by searching with the Advisor's firm name or CRD# 309573. You may also request a copy of this Disclosure Brochure at any time by contacting the Advisor at MWP.

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Item 4 – Advisory Business

MWP Advisory, LLC (“MWP” or the “Advisor”) is a Delaware limited liability company that was formed in May 2020. The Advisor is a wholly owned subsidiary of Merchant Investment Management, LLC, a Delaware limited liability company that holds interests in a number of firms that provide consulting services and/or are registered investment advisors.

MWP serves as the manager (herein the “Manager”) to Merchant Wealth Partners, LLC (herein the “Company”), and provides discretionary investment manager services to the Company pursuant to the provisions set forth in the Company’s governing and offering documentation (the “Offering Documents”). The Company has been formed to make equity and equity-like investments in firms engaged primarily in wealth management and wealth advisory services, and firms providing services unrelated to asset management to such wealth management and wealth advisory services firms. MWP does not tailor its services to individual investors in the Company nor provide individual investors with the right to specify, restrict or influence the Company’s investment objectives or any investment or trading decisions.

As of December 31, 2023, MWP manages \$578,081,784 in assets, all of which are on a discretionary basis. Investors may request more current information at any time by contacting the Advisor. MWP does not manage or place Client assets into a wrap fee program.

Item 5 – Fees and Compensation

MWP does not charge the Company a management fee, but is reimbursed for expenses incurred in connection with its management of the Company, subject to a cap as set forth in the Offering Documents.

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

MWP Management, LLC, an affiliate of the Advisor under common control, holds interests in the Company pursuant to which it is entitled to receive an incentive allocation depending on the performance of the Company. Please see Item 10 for additional details.

Item 7 – Types of Clients

MWP provides investment advice to the Company. Investors in the Company are “accredited investors” as defined in Regulation D under the Securities Act of 1933, as amended (the “Securities Act”), “qualified purchasers” defined in Section 2(a)(51) of the U.S. Investment Company Act of 1940, as amended, and (iii) “qualified clients” as such term is defined in paragraph (d) of Rule 205-3 promulgated under the U.S. Investment Advisers Act of 1940, as amended (the “Advisers Act”). Unless otherwise agreed by the Company, the minimum subscription for interests in \$5,000,000.

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

Methods of Analysis and Investment Strategies

MWP’s primary investment focus is making equity and equity-like investments in firms engaged primarily in wealth management and wealth advisory services, and firms providing services unrelated to asset management to such wealth management and wealth advisory services firms.

MWP believes that these firms provide can provide investors with strong recurring, durable cash flow, coupled with value appreciation, and seeks to make minority investments in firms lead by a management team interested in and incentivized to achieve growth. These minority non-control positions afford diversification across firms, market segments, life-cycles and geographies.

Risk of Loss Factors

MWP's investment strategy involves significant risks. A discussion of certain material risks is provided below. For a more complete list of expected risk factors, prospective investors in the Company are directed to review the Company's Offering Documents.

Generally

All investments risk the loss of capital. No guarantee or representation is made that the Company will achieve its investment objective or that investors will not lose all or substantially all of their investment in the Company. Many unforeseeable events, including actions by various government agencies and domestic and international political events, may cause fluctuations in the value and performance of the Portfolio Investments owned by the Company. Any given investment made by the Company may prove to be worthless. An investment in the Company should only be considered by persons who can afford a loss of their entire investment.

Liquidity of Investments

The Company's investments in Portfolio Companies will be subject to liquidity-related risks, particularly the risk that the Company will be unable to dispose of such investments by sale or other means at attractive prices or will otherwise be unable to complete any exit strategy. Among others, these risks include changes in the financial condition or prospects of the entity in which the investment is made. It is not generally expected that the Portfolio Company interests acquired by the Company will eventually be registered and listed on a securities exchange. Absent registration, the Company will not be able to sell such securities unless an exemption from such registration requirements is available. In addition, in some cases the Company may be prohibited by contract from selling such securities for a period of time. To the extent that there is no liquid trading market for an investment, the Company may be unable to liquidate that investment or may be unable to do so at a profit. Moreover, there can be no assurances that private purchasers for the Company's investments will be found.

Equity Investments

The Company's investments generally will be in the form of equity securities. Such equity securities may take various forms, including, but not limited to, limited partnership interests, limited liability company interests, common stock, preferred stock, warrants, convertible securities, equity options and other equity or hybrid equity securities. Equity securities generally represent the most junior position in an issuer's capital structure and, as such, generally entitle holders to an interest in the assets of the issuer, if any, remaining after all more senior claims to such assets have been satisfied. Holders of limited partnership or limited liability company interests in an entity generally are entitled to allocations of income and related distributions in accordance with the terms of the relevant operating agreement. Holders of common stock generally are entitled to dividends only if and to the extent declared by the directors of the issuer, out of the issuer's income or other assets available, if any, after making interest, dividend and any other required payments on more senior securities of the issuer. Convertible securities generally offer lower interest or dividend yields than non-convertible securities of similar quality. In the event of a liquidation of the issuing company, holders of convertible securities would be paid after the company's creditors but before the company's common stockholders. Consequently, the issuer's convertible securities generally may be viewed as having more risk than its debt securities, but less risk than its common stock. In general, options, warrants, stock purchase rights and other similar instruments are securities or instruments granting the right to or otherwise permitting, but not obligating, their holders to subscribe for equity securities, and they do not represent any rights in the assets of the issuer. As a result, options, warrants, stock purchase rights and other similar securities or instruments may be considered more speculative than other types of equity investments.

Due Diligence

Before the Company makes an investment, it intends to conduct due diligence to the extent it deems reasonable and appropriate based on the applicable facts and circumstances. When conducting due diligence, the Company generally will evaluate a number of important business, financial, tax, accounting, regulatory and legal

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issues in determining whether or not to proceed with an investment. Nevertheless, when conducting due diligence and making an assessment regarding an investment, the Manager will be required to rely on resources available to it. The due diligence process may at times be required to rely on limited or incomplete information, particularly with respect to newly established firms for which only limited information is available. Accordingly, MWP cannot guarantee that the due diligence investigation carried out with respect to any investment opportunity will reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Any failure by MWP to identify relevant facts through the due diligence process may cause it to make unfavorable investment decisions, which could have a material adverse effect on the Company.

The Wealth Management Industry is Highly Competitive

The Company's portfolio companies ("Portfolio Companies") compete with a broad range of domestic and foreign investment management firms and associated service providers, including public, private and client-owned investment advisers, firms managing passively-managed products, including exchange traded funds, as well as other firms managing active, return-oriented strategies, firms associated with securities broker-dealers, financial institutions, insurance companies, private equity firms, sovereign wealth funds and other entities. These firms may have significantly greater financial, technological and marketing resources, captive distribution and assets under management, and many of these firms offer a broad array of products and services in particular investment strategies. Competition from these firms may reduce the fees that the Portfolio Companies can obtain for wealth management services, or could impair the ability of the Portfolio Companies to attract and retain client assets. The Company's returns will depend upon the Portfolio Companies' strategies, investment performance, reputations, client relationships, fee structures, client-servicing capabilities, and the marketing and distribution of their investment strategies, among other factors. The Portfolio Companies may not compare favorably with their competitors in any or all of these categories. From time to time, the Portfolio Companies may also compete with each other for clients.

Financial Results Adversely Affected by Reduction in Assets Under Management

The Company's performance may be impacted by changes in the total level of Portfolio Company assets under management. The total level of assets under management with respect to Portfolio Companies, in turn, could be adversely affected by conditions outside of the Company's or the Portfolio Company's control, including: (i) a decline in market value of underlying assets under management, due to declines in the capital markets, fluctuations in foreign currency exchange rates and interest rates, inflation rates or the yield curve, and other market factors; (ii) changes in investor risk tolerance or investment preferences, such as the continued growth in passively-managed products, including exchange traded funds, which could result in investor allocations away from active, return-oriented strategies offered by certain managers; (iii) the ability of managers to attract and retain client assets and market products and services, which may be impacted by investment performance, client relationships, trends in product and service offerings, and the prices of securities generally; (iv) global economic conditions, which may be exacerbated by changes in the equity or debt markets; (v) financial crises, political or diplomatic developments, war, terrorism, pandemics or natural disasters; and (vi) other factors that are difficult to predict. Accordingly, a reduction in assets under management held by the Company's Portfolio Investments could adversely affect the fees payable to them and, ultimately, the Company's performance.

Fee Pressure and Changes to Portfolio Companies' Asset Mix Could Impact the Company's Performance

The Company's earnings are dependent on the ability of the Portfolio Companies to maintain current fee levels for the products and services they offer. The competitive nature of the asset management industry has led to a trend toward lower fees in certain segments of the asset management market, and there can be no assurance that the Portfolio Companies will be able to maintain their current pricing structures. The Portfolio Companies also may be required to restructure their fees due to regulatory changes. These factors also could inhibit the ability of the Portfolio Companies to increase fees for certain products and services. A reduction in the fees charged by the Portfolio Companies, or limited opportunities to increase fees, could adversely affect the Company's performance.

The fees charged by the Portfolio Companies on their assets under management vary by asset class and produce different revenues per dollar of assets under management based on factors such as the type of assets being managed, the applicable investment strategy, the type of client and the client fee schedule. Institutional clients may have significant negotiating leverage in establishing the terms of an advisory relationship, particularly with respect to the level of fees paid, and the competitive pressure to attract and retain institutional clients may impact the level of fee income earned by a Portfolio Company. In order for a Portfolio Company to maintain its fee structure in a competitive environment, it may elect to decline to manage additional assets from potential clients who demand lower fees. This could adversely affect the Company's revenues in the short term.

Furthermore a shift in the mix of assets under management from assets that generate higher fees to those that generate lower fees may result in a decrease in revenues while aggregate assets under management remain unchanged or increase. Such shifts can occur as various investment strategies go in and out of favor due to competition in the industry or as a result of movements between asset classes or certain products no longer being available to investors. A decrease in revenues without a reduction in expenses will result in reduced net income.

Poor Investment Performance Could Lead to Loss of Clients and Reduction in Revenues

If the underlying strategies of a Portfolio Company perform poorly, clients of the Portfolio Company could withdraw their assets and the Portfolio Company could suffer a decline in assets under management and/or become the subject of litigation, either of which would reduce their earnings and therefore the Company's earnings. The investment performance of a Portfolio Company is critical in retaining existing client assets as well as attracting new client assets. If such strategies perform poorly for any reason on an absolute basis or relative to other wealth managers or similar firms, the Company's performance could decline because existing clients may withdraw funds or terminate their relationships with the Portfolio Company, which would cause a decline in the revenues that the Company generates through these firms.

Dependence on Key Management

The Portfolio Companies rely heavily upon the services of certain key investment and management personnel, many of whom have managed their firms for a number of years and who primarily guide the investment decision-making processes and strategies at the firms. In addition, relationships at the Portfolio Company level between individual investment managers and the firm's clients often become personalized and the loss of a key manager of a firm could jeopardize the firm's relationships with its clients and lead to the loss of client accounts at such Portfolio Company. Accordingly, the loss of key investment and management personnel at any Portfolio Company for any reason, which among other negative effects could lead to loss of client accounts, could have an adverse impact upon the Company's performance. Any such key investment or management personnel could resign at any time, join a competitor or form a competing firm. The Company seeks to ensure that non-competition agreements are in place with investment and management personnel, but these agreements may not be enforceable or may not be enforceable to their full extent.

Please refer to the Company's Offering Documents for a description of additional risks associated with an investment in the Company.

Item 9 – Disciplinary Information

Neither MWP nor any individual involved in the Company's management has been subject to any legal, regulatory or disciplinary events.

Item 10 – Other Financial Industry Activities and Affiliations

The Advisor is a wholly owned subsidiary of Merchant Investment Management, LLC ("Merchant").

Merchant holds ownership interests in firms that may provide services to, or otherwise engage with, Portfolio Companies, including Sextant Securities, LLC ("Sextant"), a U.S. registered broker dealer and Merchant Credit

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Partners ("MCP), a firm that facilitates loans to wealth management firms and firms providing services to wealth management firms. To the extent a Portfolio Company determines to use the services or products offered by Sextant and MCP, Merchant will benefit. The Advisor has implemented a risk control and disclosure framework to address this potential conflict, the objective of which is for the Advisor to act in the best interests of the Company.

In addition, the Advisor is under common control with MWP Management, LLC ("MWPM"), which holds an interest in the Company pursuant to which it participates in the Company's profits.

The Company invests in Merchant Credit Partners, which creates a potential conflict of interests, as Merchant is incentivized to prioritize the interests of MCP over the interests of the Company and its investors. This is also deemed a principal transaction. To mitigate this conflict, MWP and the Company has implemented policies to ensure proper disclosure of the conflict to all investors, maintaining oversight over the investment into MCP and that any further investment into MCP or affiliated entity is done objectively, demonstrating that the investment is in the investors' best interests. Please see Item 12.A below for additional details.

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

MWP has adopted a Code of Ethics (the "Code") that defines the Advisor's fiduciary commitment to the Company and its investors. This Code applies to all persons associated with MWP ("Supervised Persons"). The Code was developed to provide general ethical guidelines and specific instructions regarding the Advisor's duties to the Company and its investors. It is the obligation of MWP associates to adhere not only to the specific provisions of the Code, but also to the general principles that guide the Code. The Code covers a range of topics that may address employee ethics and conflicts of interest. To request a copy of the Code, please contact the Advisor.

MWP allows certain Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of the Company. MWP does not act as principal in any transactions. Owning the same securities that we recommend (purchase or sell) to Investors presents a potential conflict of interest that, as fiduciaries, we must disclose to you and mitigate through policies and procedures. As noted above, we have adopted a Code of Ethics, which addresses insider trading (material non-public information controls) and personal securities reporting procedures. When trading for personal accounts, Supervised Persons of MWP may have a conflict of interest if trading in the same securities. The fiduciary duty to act in the best interest of its Investors can potentially be violated if personal trades are made with more advantageous terms than Investors trades, or by trading based on material non-public information. This risk is mitigated by MWP requiring reporting of personal securities trades by its Supervised Persons to the Chief Compliance Officer ("CCO"). We have also adopted written policies and procedures to detect the misuse of material, non-public information. We may have an interest or position in certain securities, which may also be recommended to you.

Item 12 – Brokerage Practices

MWP does not make use of brokers for the purposes of purchasing or selling securities on behalf of the Company, because the Company's securities are generally acquired and disposed of in privately negotiated purchase and sale transactions. MWP does not receive any soft dollar benefits or investor referrals from broker-dealers.

MWP, in limited circumstances, will execute a principal transaction in the Company. Principal transactions may raise potential conflict of interest under the Investment Advisers Act of 1940, Section 206(3). When affecting principal transactions, MWP, or any affiliate, does not act as an agent through a broker/dealer or otherwise receive commissions or any type of compensation for effecting principal trades. MWP's intent for doing a principal transaction is to act in the best interest of the Company and its investors. MWP prospectively requires consent from all participating parties to authorize such trades. Additionally, MWP will deliver written confirmations before or at the completion of the principal trade. The Advisor will deliver annual written reports to the Company containing the total number of transactions enacted since the last distribution.

Item 13 – Review of Accounts

Investments in the Company are monitored on a regular and continuous basis by the Advisor, including its management and its Chief Compliance Officer.

Each investor in the Company will receive audited annual financial statements, as well as periodic performance reports.

Item 14 – Client Referrals and Other Compensation

The Company engages unaffiliated parties (each, an "Agent"), to solicit investors to subscribe for interests in the Company. To the extent an investor solicited by an Agent subscribes for interests in the Company, the Company pays the Agent a fee calculated by reference to such investor's capital contributions in accordance with Rule 206(4)-1 of the Investment Advisers Act of 1940 and any applicable regulations. Fees paid with respect to any investor are specifically allocated to such investor.

Item 15 – Custody

MWP is deemed to have custody over the assets of the Company. MWP complies with Rule 206(4)-2(b) by having the Company audited at least annually by a PCAOB-organized and inspected accountant, and distributing audited financial statements, which are prepared in accordance with generally accepted accounting principles, to limited partners within 120 days of the end of the Company's fiscal year.

Item 16 – Investment Discretion

MWP is responsible for providing day-to-day managerial and administrative services to the Company and will have full discretion to make, evaluate and monitor Company investments in a manner consistent with the investment objective and strategy described in the Offering Documents.

Item 17 – Voting Client Securities

Given the Company's investment focus, it will typically not hold the securities of publicly traded companies and will not assume proxy voting responsibility.

Item 18 – Financial Information

MWP nor its management have any averse financial conditions that are reasonably likely to impair the ability of MWP to meet its obligation to the Company. MWP has not been the subject of a bankruptcy petition.