



# MARKLE FINANCIAL LLC

## Form ADV Part 2 Brochure

This Brochure (the “Brochure”) provides information about the qualifications and business practices of Markle Financial LLC (“Markle,” “MFL,” the “Adviser,” the “Firm,” “we,” “us” or “our”). If you have any questions about the contents of this Brochure, please contact us at (307) 721-1725. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority. Additional information about Markle also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Markle is 302088.

Markle is registered as an investment adviser with the SEC pursuant to the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Recipients of this Brochure should be aware that registration with the SEC does not in any way constitute an endorsement by the SEC of an investment adviser’s skill or expertise. Further, registration does not imply or guarantee that a registered adviser has achieved a certain level of skill, competency, sophistication, expertise or training in providing advisory services to its Clients.

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**Brochure Prepared on November 26, 2019**

## Item 2 Material Changes

This Brochure contains updated information about Markle's business since the last annual update dated June 7, 2019. This section of the Brochure will address only those "material changes" that have been incorporated since the last annual delivery of this document on the SEC's public disclosure website (IAPD). Because there have been no material changes to Markle's business, there are no material changes in this updated Brochure; however, we have provided updates on our business and enhanced disclosures regarding the following items:

- Item 5: Revisions to Fees and Compensation. Specifically, the Firm has updated its fee schedule to reflect updated fee billing practices.

Markle will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, Markle's Brochure may be requested by contacting Ms. Leslie Johnson, Chief Compliance Officer at (307) 721-1725 or [Leslie@marklefinancial.com](mailto:Leslie@marklefinancial.com).

Additional information about Markle is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Markle is 302088. The SEC's web site also provides information about any persons affiliated with Markle who are registered, or are required to be registered, as investment adviser representatives of Markle.

## **IMPORTANT NOTE ABOUT THIS DISCLOSURE BROCHURE**

*This Disclosure Brochure is not:*

- *an offer or agreement to provide advisory services to any person*
- *an offer to sell nor a solicitation of any offer to purchase any security*
- *an offer to sell interests or shares (or a solicitation of an offer to purchase interests or shares) in any pooled investment vehicle managed or represented by Markle Financial LLC or any of its affiliates*
- *a complete discussion of the features, risks or conflicts associated with any security*

As required by the Investment Advisers Act of 1940, as amended (“the “Advisers Act”), Markle Financial LLC provides this Brochure to current and prospective Clients and may also, in its discretion, provide this Brochure to current or prospective investors or shareholders in a pooled investment vehicle, together with other relevant governing documents, such as the pooled investment vehicle’s prospectus and statement of additional information, private placement memoranda, limited partnership agreement or offering circular, prior to, or in connection with, such persons’ investment in a pooled investment vehicle.

Although this publicly available Brochure describes investment advisory services and products of Markle Financial LLC, persons who receive this Brochure (whether or not from Markle Financial LLC) should be aware that it is designed solely to provide information about Markle Financial LLC as necessary to respond to certain disclosure obligations under the Investment Advisers Act of 1940, as amended. As such, the information in this Brochure may differ from information provided in relevant governing documents. More complete information about each investment product is included in relevant governing documents, certain of which may be provided to current and eligible prospective investors only by Markle Financial LLC. To the extent that there is any conflict between discussions herein and similar or related discussions in any governing documents, the relevant governing documents shall govern and control.

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## **Item 4 Advisory Business**

MFL is a Wyoming limited liability company that was formed in July 2015 for the purpose of providing discretionary and non-discretionary portfolio management and investment advisory services to individuals, high net-worth individuals, pension and profit-sharing plans ("Clients"). MFL and its affiliates are headquartered in Laramie, WY. Since May 24th, 2019, MFL has been registered with the SEC pursuant to the Advisers Act. Registration of an investment adviser does not imply any level of skill or training. The primary owners of MFL are Leslie Johnson and Shannon Markle. Officers of MFL are Leslie Johnson, as Member and Chief Compliance Officer; and Shannon Markle, as Managing Member.

### **Advisory Services**

MFL's portfolio management and investment advisory services are offered to Clients. The types of Clients to which MFL provides investment management services are more fully disclosed in MFL's Form ADV Part 1 and summarized in *Item 7 – Types of Clients* of this Brochure. MFL advisory services consist of managing each of its Client's portfolios, including but not limited to sourcing, selecting, determining investments in, and monitoring investments in and the execution of transactions on behalf of its Clients. MFL generally is responsible for investing and re-investing the assets of each Client account in accordance with the investment objectives, policies and guidelines set forth in the Client's governing documents.

MFL tailors its investment advice to the specific needs of its Clients and is subject to applicable investment restrictions set forth in the governing documents for the applicable Clients. MFL works with Clients to formulate appropriate and agreed-upon investment guidelines. MFL works with Clients to determine the feasibility of monitoring proposed restrictions and limitations. Clients who restrict their investment portfolios may experience potentially worse performance results than Clients with unrestricted portfolios even for Clients with similar objectives. MFL reserves the right to reject or terminate any Client that seeks restrictions which MFL is unable to implement or which may fundamentally alter the investment objective of the strategy selected by the Client. MFL generally limits its investment advice to mutual funds, fixed income securities, real estate funds (including REITs), insurance products including annuities, ETFs, treasury inflation protected/inflation linked bonds, stocks, venture capital funds and private placements. MFL may use other securities as well to help diversify a portfolio when applicable.

MFL may direct Clients to third-party investment advisers to manage all or a portion of the Client's assets. Before selecting other advisers for Clients, MFL will always ensure those other advisers are properly licensed or registered as an investment adviser. MFL then makes investments with a third-party investment adviser by referring the Client to the third-party adviser. MFL will not review the ongoing performance of the third-party adviser as a portion of the Client's portfolio. When MFL serves as investment adviser, it enters into a written investment management agreement with each of its advisory Clients. Investors in pooled investment vehicles are not considered as MFL's advisory Clients and do not enter into investment management agreements with MFL. Investment management agreements include provisions related to each Client's management fees, investment strategy, investment guidelines, termination rights, proxy voting and sub-adviser, if applicable.

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, and certain other administrative fees. MFL does not participate in wrap fee programs.

### **Financial Planning**

Financial plans and financial planning may include, but are not limited to: investment planning; life insurance; tax concerns; retirement planning; education planning; and debt/credit planning.

### **Educational Seminars/Workshops**

MFL provides periodic educational seminars and workshops to clients.

### **Regulatory Assets Under Management**

MFL manages approximately \$101,790,302 in advisory assets. MFL manages \$93,815,194 in discretionary assets and \$7,975,108 in non-discretionary basis. The SEC has adopted a uniform method for advisers to calculate assets under management for regulatory purposes which it refers to as an adviser's "regulatory assets under management." Regulatory assets under management are generally an adviser's gross assets, i.e., assets under management without deduction for outstanding indebtedness or other accrued but unpaid liabilities. MFL reports its regulatory assets under management in Item 5 of Part 1 of Form ADV which you can find at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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

MFL's fees generally depend on the services being provided and vary from product to product based on a variety of factors, including but not limited to, the investment mandate or strategy, investment vehicle, degree of servicing required, account/relationship size, market-place conditions and other factors MFL deems relevant. For investment management services, fees typically are expressed as a percentage of the net assets under management. MFL uses the value of the account as of the last business day of the billing period, after taking into account deposits and withdrawals, for purposes of determining the market value of the assets upon which the advisory fee is based. Advisor has entered into agreements with certain third-party investment management firms to act as Portfolio Manager for Client's assets. When Client elects to employ the services of a Portfolio Manager(s), Portfolio Manager(s) will provide discretionary investment management services to the Client assets for which it is assigned. Client grants such Portfolio Manager(s) the authority to buy and sell securities and investments and such other discretionary authorities described in this Agreement, or otherwise agreed upon by Client. Portfolio Manager(s) may also provide additional services as described in the Client's Investment Management Agreement.

The final fee schedule will be memorialized in the Client's advisory agreement. Clients may terminate the agreement without penalty for a full refund of MFL's fees within five business days of signing the Investment Advisory Contract. Thereafter, Clients may terminate the Investment Advisory Contract immediately upon written notice.

MFL has entered into agreements with certain investment management firms to act as third-party advisors, to provide recommended asset allocation strategies by which MFL intends to invest certain Client assets, unless circumstances indicate that a modified allocation or investment is appropriate. Certain third-party advisors have discretion over Client assets and provide discretionary investment management services for Client. Client may specify a third-party advisor for all or a portion of his or her assets. Advisor may replace a third-party advisor with Client consent. MFL will receive its advisory fee on top of the fee paid to the third-party adviser. This relationship will be memorialized in each contract between MFL and each third-party adviser. The fees will not exceed any limit imposed by any regulatory agency.

In addition to MFL's advisory fee, Clients may incur operating and transaction fees, costs and expenses associated with maintaining their accounts imposed by custodians, brokers, futures commission merchants, prime brokers and other third parties. Examples of these charges include but are not limited to custodial fees, margin, deferred sales charges, "mark-ups" and "mark-downs" on trades, odd-lot differentials, transfer taxes, handling charges, exchange fees (including foreign currency exchange fees), interest to cover short positions, wire transfer fees, electronic fund fees, conversion fees for American Depositary Receipts ("ADRs") and other fees and taxes on brokerage accounts and securities transactions. MFL does not receive any portion of these commissions, fees or costs. See, however, *Item 12 – Brokerage Practices* of this Brochure for more information about soft-dollars. See also *Item 12 – Brokerage Practices* of this Brochure for more information about conversion fees for ADRs. To the extent MFL should act as a sub-adviser, MFL will receive a portion of the management fee the end Clients pay to the adviser; these Clients do not pay any fees, commissions or expenses directly to MFL.

## **Fee Schedule**

### *Advisory and Portfolio Management Fees*

*General fees from 2.25-.70% are what an advisory client could expect. Specific fees will be identified in the client contract for account opening with custodian and third-party money manager. The minimum advisory fee = \$1,250.*

## **Fee Schedules**

The following sets forth a basic description of certain advisory fee arrangements, including information on MFL's standard fee schedules. However, fees and other compensation are negotiated in certain circumstances, and arrangements with any particular Client may vary. MFL collects its fees in arrears. It does not collect fees in advance.

## **Payment of Portfolio Management Fees**

Asset-based portfolio management fees are withdrawn directly from the Client's accounts with Client's written authorization on a quarterly basis. Fees are paid in arrears.

## **Third Party Investment Advisers**

Some MFL Representatives provide asset allocation advice through solicitor, co-advisor, and sub-advisor programs of various unaffiliated third-party investment advisers based on your individual, personal and financial goals, investment objectives, and risk tolerance. As a result, MFL and your Representative may receive a portion of the fee charged and collected by the third-party investment adviser. MFL enters into relationships with third party investment advisers that pass the MFL due diligence process.

A complete description of the third-party investment adviser's services, fee schedules and account minimums will be disclosed in the third-party investment adviser's Form ADV, Wrap Brochure, or similar Disclosure Brochure which will be provided to you at the time an agreement for services is executed. We strongly suggest that you review these materials to familiarize yourself with the third-party investment advisor chosen. MFL charges clients who participate in these services a fee based on a percentage of the value of the client's assets. The fee is negotiable and is subject to discounts, client-by-client, or account-by-account basis. Third party investment adviser's charge clients a separate fee based upon services provided by the third-party investment adviser. The fee is separate from and may not include custodial charges, transaction charges, contingent deferred sales charges on funds purchased prior to their participation in the account, mutual fund sales load, 12b-1 fees, surrender charges, debit balances or related margin interest, or other costs imposed by third parties. Fees are determined by the MFL Representative, the third-party investment adviser and client through the use of an appropriate management agreement.

## **Financial Planning Fees**

The fixed rate for creating client financial plans is up to \$7,500. Price is subject to increase or decrease at the discretion of the advisor. Fixed financial planning fees are paid via check, ACH, or directly from an investment account. These fees can be charged in arrears upon completion or in advance, but never more than six months in advance.

Fixed fees that are collected in advance, but unearned at the time termination becomes effective (if any), will be refunded based on the prorated amount of work completed at the point of termination.

If this Agreement is terminated prior to completion of the financial planning services, then Client will be responsible for paying the prorated fee for work completed but unpaid (if any) at the time termination becomes effective.

The hourly fee for these services is up to \$265 per hour. Price is subject to increase or decrease at the discretion of the advisor. Fixed financial planning fees are paid via check, ACH, or directly from an investment account. Hourly financial planning fees are paid via check, cash, or wire. These fees can be charged in arrears upon completion or in advance, but never more than six months in advance. For hourly fees that are collected in advance but unearned at the time termination becomes effective (if any), the fee refunded will be the balance of the fees collected in advance minus the hourly rate times the number of hours of work that has been completed up to and including the day of termination. If this Agreement is terminated prior to completion of the financial planning services, then Client will be responsible for paying the prorated fee for work completed but unpaid (if any) at the time termination becomes effective.

### **Other Fees and Expenses**

In addition to the fees described above, Clients may bear other costs associated with investments or accounts including but not limited to: (i) custodial charges, brokerage fees, commissions and related costs; (ii) interest expenses; (iii) taxes, duties and other governmental charges; (iv) transfer and registration fees or similar expenses; (v) costs associated with foreign exchange transactions; (vi) other portfolio expenses; and (vii) costs, expenses and fees (including investment advisory and other fees charged by the investment advisers of funds in which the Client's account invest) associated with products or services that may be necessary or incidental to such investments or accounts. With respect to such services (which may include, but are not limited to, custodial, securities lending, brokerage, futures, banking, consulting or third-party advisory or legal services) each Client may be required to establish business relationships with relevant service providers or other counterparties based on the Client's own credit standing. MFL will not have any obligation to allow its credit to be used in connection with the establishment of such relationships, nor is it expected that such service providers or counterparties will consider or rely on MFL's credit in evaluating the Client's creditworthiness.

For an additional discussion of brokerage and other transaction costs, please refer to *Item 12 – Brokerage Practices* of this Brochure.

### **Other Compensation**

Neither MFL nor its supervised persons accept any compensation for the sale of investment products, including asset-based sales charges or service fees from the sale of mutual funds.

### **Payment of Educational Seminar/Workshop Fees**

Educational seminars and workshops are offered free of charge.

For an additional discussion of other compensation, please refer to *Item 14 – Client Referrals and Other Compensation* of this Brochure.

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

MFL does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a Client.

## **Item 7 Types of Clients**

As discussed in *Item 4 – Advisory Business* of this Brochure, MFL currently provides investment management services, as an investment adviser, to individuals, high net worth individuals, pension and profit-sharing plans on a discretionary and non-discretionary basis. MFL's Clients may include, but are not limited to financial institutions, registered investment companies, pension funds and other retirement accounts, corporations, banks and thrift institutions, and



other institutional type accounts. There is no account minimum for any of MFL's services.

MFL may seek to obtain, verify, and record information that identifies each Client who retains MFL to manage its account, in order to help the U.S. Government, fight the funding of terrorism and money laundering activities.

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

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

### **Investment Strategies**

MFL offers several investment strategies to Clients and in doing so may invest in a wide range of securities and other financial instruments including: equity securities of domestic and foreign issuers (both publicly and privately traded); corporate debt securities of domestic and foreign issuers (both publicly and privately traded); MLPs; derivative securities, including but not limited to futures, options, swaps and forward contracts; warrants; commercial paper; foreign currency contracts; registered investment company securities, including exchange-traded funds ("ETFs"); and U.S. government securities. As financial markets and products evolve, MFL may invest in other instruments or securities, whether currently existing or developed in the future, when consistent with Client guidelines, objectives, and policies. MFL generally invests for long-term growth of capital and income. Within that framework, Client objectives and unique circumstances may dictate that short-term positions be taken.

MFL's primary objective is to seek consistent positive absolute returns while employing an investment strategy appropriate to the Client's investment goals and objectives. These investment goals and objectives are written in the Investment Policy Statement for each Client and are followed when making investment decisions for the Client's account.

### **Methods of Analysis**

MFL's methods of analysis include charting analysis, fundamental analysis, technical analysis, cyclical analysis, quantitative analysis and modern portfolio theory.

- Charting analysis involves the use of patterns in performance charts. MFL uses this technique to search for patterns used to help predict favorable conditions for buying and/or selling a security.
- Fundamental analysis involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.
- Technical analysis involves the analysis of past market data; primarily price and volume.
- Cyclical analysis involves the analysis of business cycles to find favorable conditions for buying and/or selling a security.
- Quantitative analysis deals with measurable factors as distinguished from qualitative considerations such as the character of management or the state of employee morale, such as the value of assets, the cost of capital, historical projections of sales, and so on.
- Modern portfolio theory is an investment approach that attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, by carefully choosing the proportions of various assets.

## **Methods of Analysis**

- Charting analysis strategy involves using and comparing various charts to predict long and short term performance or market trends. The risk involved in using this method is that only past performance data is considered without using other methods to crosscheck data. Using charting analysis without other methods of analysis would be making the assumption that past performance will be indicative of future performance. This may not be the case.
- Fundamental analysis concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.
- Technical analysis attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not work long term.
- Cyclical analysis assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are two- fold: 1) the markets do not always repeat cyclical patterns and 2) if too many investors begin to implement this strategy, it changes the very cycles these investors are trying to exploit.
- Quantitative analysis. Investment strategies using quantitative models may perform differently than expected as a result of, among other things, the factors used in the models, the weight placed on each factor, changes from the factors' historical trends, and technical issues in the construction and implementation of the models.
- Modern Portfolio Theory assumes that investors are risk averse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists which has better expected returns.

## **Investment Strategies**

- Long term trading is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose Clients to various types of risk that will typically surface at various intervals during the time the Client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.
- Selection of Other Advisers: MFL's selection process cannot ensure that money managers will perform as desired and MFL will have no control over the day-to-day operations of any of its selected money managers. MFL would not necessarily be aware of certain activities at the underlying money manager level, including without limitation a money manager's engaging in unreported risks, investment "style drift" or even regulatory breaches or fraud.

MFL maintains risk management policies and procedures in connection with its advisory and management services with respect to Client accounts. Such policies and procedures are discussed periodically and considered in connection with ongoing investment advisory trading activities. MFL considers a variety of risks that may affect Client accounts, including, liquidity issues and counterparty risk, among others. Such risk assessment and management efforts will relate to equity related positions. The Chief Compliance Officer and the portfolio managers or financial advisors work to identify these and other risks and monitor the materiality of these risks with respect to portfolios managed by MFL on a

periodic basis as part of MFL's general compliance program.

\* \* \* \* \*

The methods of analysis and investment strategies summarized above are not intended to be comprehensive. For more information regarding the investment objective and strategies of each, please carefully review its applicable governing documents. Investing in securities involves a risk of loss that you, as a Client, should be prepared to bear.

### **Certain Risk Factors**

*Clients should understand that all investment strategies and the investments made when implementing those investment strategies involve risk of loss and Clients should be prepared to bear the loss of assets invested. There can be no assurance that Clients will achieve their investment objectives or that investments will be successful or profitable. The investment performance and the success of any investment strategy or particular investment can never be predicted or guaranteed, and the value of a Client's investments fluctuates due to market conditions and other factors. Nothing in this Brochure is intended to imply, and no one is or will be authorized to represent, that MFL's investment strategies and services are low risk or risk free. The investment decisions made, and the actions taken for Clients accounts are subject to various market, liquidity, currency, economic and political risks, and will not necessarily be profitable. Past performance of Clients accounts is not indicative of future performance. Investors and advisory Clients are urged to consult with their own independent financial, legal and tax advisors before making any investment decisions. This Brochure does not include every potential risk associated with an investment strategy, or all of the risks applicable to a particular Client account. Rather, it is a general description of the nature and risks of the strategies and securities and other financial instruments in which Client accounts may invest. The following risks may apply to strategies managed by MFL:*

- Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below (leaving aside Treasury Inflation Protected/Inflation Linked Bonds) are not guaranteed or insured by the FDIC or any other government agency.
- **Mutual Funds:** Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond "fixed income" nature (lower risk) or stock "equity" nature. Fixed income investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best-known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.
- **Exchange Traded Funds (ETFs):** An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance.
- **Stocks:** There are numerous ways of measuring the risk of equity securities (also known simply as "equities" or "stock"). In very broad terms, the value of a stock depends on the financial health of the company issuing it. However, stock prices can be affected by many other factors including, but not limited to the class of stock (for example, preferred or common); the health of the market sector of the issuing company; and, the overall health of the economy. In general, larger, better established companies ("large cap") tend to be safer than smaller start-up companies ("small cap") are but the mere size of an issuer is not, by itself, an indicator of the safety of the

investment. Markets may move in cycles, with periods of rising prices and periods of falling prices.

- **Equity Risk:** The market price of securities owned by Clients may go up or down, sometimes rapidly or unpredictably. The equity securities in Clients' portfolios may decline in value due to factors affecting equity securities markets generally or the energy sector. The values of equity securities may decline due to general market conditions which are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. They may also decline due to factors which affect a particular industry or industries, including the basic minerals sector, such as labor shortages or increased production costs and competitive conditions within an industry. Other risks of investing globally in equity securities may include changes in currency exchange rates, exchange control regulations, expropriation of assets or nationalization, imposition of withholding taxes on dividend or interest payments, and difficulty in obtaining and enforcing judgments against non-U.S. entities. In addition, securities which MFL believes are fundamentally undervalued or incorrectly valued may not ultimately be valued in the capital markets at prices and/or within the time frame we anticipate. As a result, Clients may lose all or substantially all of their investments in any particular instance.
- **Fixed Income Securities:** MFL may invest Client assets in bonds or other fixed income securities of issuers including, without limitation, bonds, notes and debentures issued by corporations; debt securities and commercial paper. Fixed income securities pay fixed, variable or floating rates of interest. The value of fixed income securities in which MFL invest will change in response to fluctuations in interest rates. In addition, the value of certain fixed income securities can fluctuate in response to perceptions of creditworthiness, political stability or soundness of economic policies. Fixed income securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (i.e., market risk).
- **Real estate funds (including REITs):** REITS face several kinds of risk that are inherent in the real estate sector, which historically has experienced significant fluctuations and cycles in performance. Revenues and cash flows may be adversely affected by: changes in local real estate market conditions due to changes in national or local economic conditions or changes in local property market characteristics; competition from other properties offering the same or similar services; changes in interest rates and in the state of the debt and equity credit markets; the ongoing need for capital improvements; changes in real estate tax rates and other operating expenses; adverse changes in governmental rules and fiscal policies; adverse changes in zoning laws; the impact of present or future environmental legislation and compliance with environmental laws.
- **Annuities** are a retirement product for those who may have the ability to pay a premium now and want to guarantee they receive certain monthly payments or a return on investment later in the future. Annuities are contracts issued by a life insurance company designed to meet requirement or other long-term goals. An annuity is not a life insurance policy. Variable annuities are designed to be long-term investments, to meet retirement and other long-range goals. Variable annuities are not suitable for meeting short-term goals because substantial taxes and insurance company charges may apply if you withdraw your money early. Variable annuities also involve investment risks, just as mutual funds do.
- **Private placements** carry a substantial risk as they are subject to less regulation than are publicly offered securities, the market to resell these assets under applicable securities laws may be illiquid, due to restrictions, and the liquidation may be taken at a substantial discount to the underlying value or result in the entire loss of the value of such assets.
- **Venture capital funds** invest in start-up companies at an early stage of development in the interest of generating a return through an eventual realization event; the risk is high as a result of the uncertainty involved at that stage of development.

- **General Economic and Market Conditions:** The success of MFL's activities is affected by general economic and market conditions, such as changes in interest rates, availability of credit and debt-related issues, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of Client investments), trade barriers, unemployment rates, release of economic data, currency exchange controls and national and international political circumstances (including wars, terrorist acts, natural disasters, security operations, the European debt crisis or the U.S. budget negotiations). These factors may affect the level and volatility of securities prices and the liquidity of Client investments. Volatility and/or illiquidity could impair a Client's profitability or result in losses. Clients could incur material losses even if MFL reacts quickly to difficult market or economic conditions, and there can be no assurance that Clients will not suffer material losses and other adverse effects from broad and rapid changes in economic and market conditions in the future. Clients should realize that markets for the financial instruments in which MFL invest Client assets can correlate strongly with each other at times or in ways that are difficult for MFL to predict. Even a well-analyzed approach may not protect Clients from significant losses under certain market conditions.

## **Item 9 Disciplinary Information**

This Item requests information relating to legal and disciplinary events in which MFL or any supervised persons, as defined by the Advisors Act, have been involved that are material to Client's or prospective Client's evaluations of MFL's advisory business or management. There are no reportable material legal or disciplinary events related to MFL or any of its supervised persons. In the ordinary course of MFL's business, MFL, its affiliates and employees have not in the past been subject to any formal or informal regulatory inquiries, subpoenas, investigations, legal or regulatory proceedings involving the SEC, or any other regulatory authorities, including private parties and self-regulatory organizations ("SRO").

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

### **Affiliated Broker-Dealers**

MFL is not registered, and does not have an application pending to register, as a broker-dealer or registered representative of a broker-dealer. Certain affiliated persons listed in Schedule A of MFL's Part 1 of Form ADV and affiliated persons (i.e., personnel) of MFL are registered representatives and hold FINRA licenses but do not receive any compensation from the broker dealer.

### **Affiliated CPO and/or CTA**

Neither MFL nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

### **Relationship or Arrangements with Affiliates and/or Related Persons**

Leslie Marie Johnson is an independent licensed insurance agent, and from time to time, will offer Clients advice or products from those activities. Clients should be aware that these services may pay a commission or other compensation and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. MFL always acts in the best interest of the Client; including the sale of commissionable products to advisory Clients. Clients are in no way required to utilize the services of any representative of MFL in connection with such individual's activities outside of MFL.

Joseph Louis Farley is an independent licensed insurance agent, and from time to time, will offer Clients advice or products from those activities. Clients should be aware that these services may pay a commission or other compensation and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. MFL always acts in the best interest of the Client; including the sale of commissionable products to advisory



Clients. Clients are in no way required to utilize the services of any representative of MFL in connection with such individual's activities outside of MFL.

Richard Matthew Rowley is an independent licensed insurance agent, and from time to time, will offer Clients advice or products from those activities. Clients should be aware that these services may pay a commission or other compensation and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. MFL always acts in the best interest of the Client; including the sale of commissionable products to advisory Clients. Clients are in no way required to utilize the services of any representative of MFL in connection with such individual's activities outside of MFL.

Shannon Michael Markle is an independent licensed insurance agent, and from time to time, will offer Clients advice or products from those activities. Clients should be aware that these services may pay a commission or other compensation and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. MFL always acts in the best interest of the Client; including the sale of commissionable products to advisory Clients. Clients are in no way required to utilize the services of any representative of MFL in connection with such individual's activities outside of MFL.

Wendy Hostetter Rowley is an independent licensed insurance agent, and from time to time, will offer Clients advice or products from those activities. Clients should be aware that these services may pay a commission or other compensation and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. MFL always acts in the best interest of the Client; including the sale of commissionable products to advisory Clients. Clients are in no way required to utilize the services of any representative of MFL in connection with such individual's activities outside of MFL.

#### **Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selection**

MFL may direct Clients to third-party investment advisers to manage all or a portion of the Client's assets. Clients will pay MFL its standard fee in addition to the standard fee for the advisers to which it directs those Clients. This relationship will be memorialized in each contract between MFL and each third-party advisor. The fees will not exceed any limit imposed by any regulatory agency. MFL will always act in the best interests of the Client, including when determining which third-party investment adviser to recommend to Clients. MFL will ensure that all recommended advisers are licensed, or notice filed in the states in which MFL is recommending them to Clients.

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

MFL maintains a policy of strict compliance with the highest standards of ethical business conduct and the provisions of applicable federal securities laws, including rules and regulations promulgated by the SEC, and has adopted policies and procedures described in its code of ethics. The code of ethics has been adopted by MFL in compliance with Section 204A of the Advisers Act. The code of ethics applies to each employee of MFL and any other "access person" as defined under the Advisers Act. It is designed to ensure compliance with legal requirements of MFL's standard of business conduct.

A complete copy of MFL's code of ethics ("Code of Ethics") is available upon request to Clients or prospective Clients.

The Code of Ethics is based upon the premise that all MFL personnel have a fiduciary responsibility to render professional, continuous and unbiased investment advisory services. The Code of Ethics requires all personnel to: (1) comply with all applicable laws and regulations; (2) observe all fiduciary duties and put Client interests ahead of those of MFL; (3) observe MFL's personal trading policies so as to avoid "front-running" and other conflicts of interests between MFL and its Clients; (4) ensure that all personnel have read the Code of Ethics, agreed to adhere to the Code of Ethics, and are aware that a record of all violations of the Code of Ethics will be maintained by MFL's Chief Compliance

Officer, and that personnel who violate the Code of Ethics are subject to sanctions by MFL, up to and including termination.

**Standards of Conduct:** MFL and its access persons are expected to comply with all applicable federal and state laws and regulations. Access persons are expected to adhere to the highest standards of ethical conduct and maintain confidentiality of all information obtained in the course of their employment and bring any risk issues, violations, or potential violations to the attention of the Chief Compliance Officer. Access persons are expected to deal with Clients fairly and disclose any activity that may create an actual or potential conflict of interest between them and MFL or Client.

**Confidentiality:** Employees must maintain the confidentiality of MFL's proprietary and confidential information, and must not disclose that information unless the necessary approval is obtained. MFL has a particular duty and responsibility, as investment adviser or sub-adviser, to safeguard Client information. Information concerning the identity and transactions of Clients is confidential, and such information will only be disclosed to those employees and outside parties who may need to know it in order to fulfill their responsibilities.

### **Potential Conflicts**

MFL does recommend that Clients buy or sell any security in which a related person to MFL or MFL has a material financial interest. From time to time, representatives of MFL may buy or sell securities for themselves that they also recommend to Clients. This may provide an opportunity for representatives of MFL to buy or sell the same securities before or after recommending the same securities to Clients resulting in representatives profiting off the recommendations they provide to Clients. Such transactions may create a conflict of interest. MFL will always document any transactions that could be construed as conflicts of interest and will never engage in trading that operates to the Client's disadvantage when similar securities are being bought or sold.

From time to time, representatives of MFL may buy or sell securities for themselves at or around the same time as Clients. This may provide an opportunity for representatives of MFL to buy or sell securities before or after recommending securities to Clients resulting in representatives profiting off the recommendations they provide to Clients. Such transactions may create a conflict of interest; however, MFL will never engage in trading that operates to the Client's disadvantage if representatives of MFL buy or sell securities at or around the same time as Clients.

**Allocation of Investment Opportunities:** As stated herein above, MFL acts as investment adviser to more than one Client that may have similar investment objectives and pursue similar strategies. Certain investments identified by MFL may be appropriate for multiple Clients. When it is determined by MFL that it would be appropriate for more than one Client to participate in an investment opportunity, MFL will generally allocate such investment opportunity among the Clients in proportion to the relative amounts of capital available for new investments, taking into account such other factors as it may, in its sole discretion determine appropriate, including investment objectives, legal or regulatory restrictions, current holdings, availability of capital for investment, the size of investments generally, nature and type of investment or opportunity, risk-return considerations, relative exposure to market trends, targeted leverage level, targeted asset mix, target investment return, diversification requirements, strategic objectives, specific liquidity requirements, as well as any tax consequences, limitations and restrictions on a Client's portfolio that are imposed by such Client's governing documents or other considerations that MFL deems necessary or appropriate in light of the circumstances at such time. MFL seeks to manage and/or mitigate these potential conflicts of interest described by following procedures with respect to the allocation of investment opportunities for its Clients. MFL's allocation policy is based on a fundamental desire to treat each Client account fairly over time. It is MFL's general policy to allocate investments among its Clients in a manner which it believes to be fair and equitable. Allocations of investment opportunities should not be based on any of the following, or similar, reasons: (i) to generate higher fees paid by one account over another, or to produce greater fees to MFL; (ii) to develop a relationship with a Client or prospective Client; or (iii) to compensate a Client for past services or benefits rendered to the company or any employee of MFL or to induce future services or benefits to be rendered to MFL or any employee of MFL. Consistent with its fiduciary duties, MFL allocates trades to its Clients on an equitable basis as set forth in the Firm's policy.

Conflicts Related to Relationships with Third Parties: Conflicts may arise where MFL has the responsibility and authority to vote proxies on behalf of its Clients. Please refer to *Item 17 – Voting Client Securities* of this Brochure for information regarding the policies and procedures governing MFLs' proxy voting activities.

MFL may conduct business with institutions such as broker-dealers or investment banks that invest, or whose Clients invest, in pooled vehicles sponsored or advised by MFL, or may provide other consideration to such institutions or recognized agents, and as a result MFL may have a conflict of interest in placing its brokerage transactions.

## **Item 12 Brokerage Practices**

As a general rule, MFL receives discretionary investment authority from its Clients at the outset of an advisory relationship. Depending on the terms of the applicable investment management agreement, MFL's authority may include the ability to select broker-dealers through which to execute transactions on behalf of its Clients, and to negotiate the commission rates, if any, at which transactions are effected. MFL may also have the authority to enter into International Swap and Derivatives Association ("ISDA"), repurchase clearing, trading brokerage, margin future, options, or other types of agreements on behalf of MFL's Clients. In making decisions as to which securities are to be bought or sold and the amounts thereof, MFL is guided by the mandate selected by the Client and any Client-imposed guidelines or restrictions. Unless MFL and the Client have entered into a non-discretionary arrangement, MFL generally is not required to provide notice to, consult with, or seek the consent of its Clients prior to engaging in transactions.

### **Brokerage Selection**

Custodians/broker-dealers will be recommended based on MFL's duty to seek "best execution," which is the obligation to seek execution of securities transactions for a Client on the most favorable terms for the Client under the circumstances. Clients will not necessarily pay the lowest commission or commission equivalent, and MFL may also consider the market expertise and research access provided by the broker- dealer/custodian, including but not limited to access to written research, oral communication with analysts, admittance to research conferences and other resources provided by the brokers that may aid in MFL's research efforts. MFL will never charge a premium or commission on transactions, beyond the actual cost imposed by the broker- dealer/custodian.

MFL recommends TD Ameritrade Institutional, a division of TD Ameritrade, Inc. Member FINRA/SIPC, SEI, Verity, Cambridge Investment Research Retirement Plan Systems, Transamerica, Absolute Capital and The Pacific Financial Group.

### **Soft Dollars**

MFL could enter into, and may enter into in the future, written or formal or informal agreements with brokers or third parties where MFL may use "soft dollars" generated by Client accounts to pay for the research and/or related services provided by brokers described above. The term "soft dollars" refers to the receipt by us of products and services provided by brokers without any cash payment by MFL, based on the volume of revenues generated from brokerage commissions for transactions executed for Clients' accounts. The products and services available from brokers include both internally generated items (such as research reports prepared by employees of the broker) as well as items acquired by the broker from third parties (such as quotation equipment). Using "soft dollars" to obtain investment research and/or related services creates a potential conflict of interest between MFL and its Clients' accounts, because the "soft dollars" may be used to acquire such products and services that are not exclusively for the benefit of the Client accounts that paid such commissions and that may primarily benefit MFL. Research services furnished by brokers through whom MFL effects securities transactions may be used in servicing all of MFL's Clients' accounts, and not all such services may be used in connection with the accounts which paid commissions to the broker providing such services. MFL seeks to allocate soft dollar benefits among Client accounts in a fair and equitable manner under the circumstances, but there can be no assurance that we will be successful in this regard. Section 28(e) of the Exchange Act, provides a safe harbor to advisers who use soft dollars generated by Client accounts to obtain investment research and brokerage services that provide



lawful and appropriate assistance to MFL in the performance of investment decision-making responsibilities. MFL intends that any soft dollars that it receive in connection with Client-related matters would be within the limitations set forth in Section 28(e) of the Exchange Act. Examples of eligible services and products include independent stock research, economic research, research in specific industry sectors, real time feeds, newswires, strategic analysis, and back office systems.

### **Brokerage for Client Referrals**

MFL receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

### **Clients Directing Which Broker/Dealer/Custodian to Use**

MFL may permit Clients to direct it to execute transactions through a specified broker- dealer. If a Client directs brokerage, then the Client will be required to acknowledge in writing that the Client's direction with respect to the use of brokers supersedes any authority granted to MFL to select brokers; this direction may result in higher commissions, which may result in a disparity between free and directed accounts; and trades for the Client and other directed accounts may be executed after trades for free accounts, which may result in less favorable prices, particularly for illiquid securities or during volatile market conditions. Not all investment advisers allow their Clients to direct brokerage.

### **Aggregating (Block) Trading for Multiple Client Accounts**

MFL does not aggregate or bunch the securities to be purchased or sold for multiple Clients. This may result in less favorable prices, particularly for illiquid securities or during volatile market conditions.

## **Item 13 Review of Accounts**

All Client accounts for MFL's advisory services provided on an ongoing basis are reviewed at least Quarterly by Leslie M Johnson, Chief Compliance Officer, with regard to Clients' respective investment policies and risk tolerance levels. All accounts at MFL are assigned to this reviewer.

Reviews may be triggered by material market, economic or political events, or by changes in Client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

Each Client of MFL's advisory services provided on an ongoing basis will receive a quarterly report detailing the Client's account, including assets held, asset value, and calculation of fees. This written report will come from the custodian.

MFL does not provide reports relating to its subscription services. MFL participates in the institutional advisor program (the "Program") offered by TD Ameritrade. TD Ameritrade offers to independent investment advisor services which include custody of securities, trade execution, clearance and settlement of transactions. MFL receives some benefits from TD Ameritrade through its participation in the Program.

As disclosed above, MFL participates in TD Ameritrade's institutional advisor program and MFL may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between MFL's participation in the Program and the investment advice it gives to its Clients, although MFL receives economic benefits through its participation in the Program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving MFL participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have MFL's fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to MFL by third party vendors. TD Ameritrade

may also pay for business consulting and professional services received by MFL's related persons. Some of the products and services made available by TD Ameritrade through the Program may benefit MFL but may not benefit its Client accounts. These products or services may assist MFL in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help MFL manage and further develop its business enterprise. The benefits received by MFL or its personnel through participation in the Program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to Clients, MFL endeavors at all times to put the interests of its Clients first. Clients should be aware, however, that the receipt of economic benefits by MFL or its related persons in and of itself creates a conflict of interest and may indirectly influence the MFL's choice of TD Ameritrade for custody and brokerage services.

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

### **Compensation to Non – Advisory Personnel for Client Referrals**

From time to time, MFL may compensate certain affiliated and unaffiliated persons or entities for referrals or introductions to MFL or placements of interests in investment management services, in compliance with applicable law, including circumstances where, in connection with discrete advisory transactions, MFL will pay or split a portion of the fees with an unaffiliated third-party for assisting in obtaining a specific Client. The material terms of such arrangements will be disclosed to relevant Clients or investors. MFL will inform each account investor and any other Client that is the subject of such solicitation services that the third-party solicitor will be compensated by the investor, the Client or MFL, as the case may be. The name of the third-party providing the services will also be disclosed to each relevant account investor and any other Client that is the subject to such solicitation services, along with the nature of any affiliation between the third-party and MFL. With respect to Client solicitation arrangements, Rule 206(4)-3 of the Advisers Act (the "Cash Solicitation Rule") requires that, among other things, compensation to a solicitor be made pursuant to a written agreement and, for third-party solicitor arrangements, that the solicitor provide to each person solicited for MFL's advisory services, a written disclosure statement (the "Solicitor's Disclosure Statement") and this Brochure (or alternate brochure required or permitted to be provided).

## **Item 15 Custody**

When advisory fees are deducted directly from Client accounts at Client's custodian, MFL will be deemed to have limited custody of Client's assets and must have written authorization from the Client to do so. Clients will receive all account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy.

## **Item 16 Investment Discretion**

MFL provides discretionary and non-discretionary investment advisory services to Clients. The advisory contract established with each Client sets forth the discretionary authority for trading. Where investment discretion has been granted, MFL generally manages the Client's account and makes investment decisions without consultation with the Client as to when the securities are to be bought or sold for the account, the total amount of the securities to be bought/sold, what securities to buy or sell, or the price per share.

## **Item 17 Voting Client Securities (Proxy Voting)**

MFL will not ask for, nor accept voting authority for Client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

## **Item 18 Financial Information**

MFL does not solicit prepayment of more than \$1,200 in fees per Client six months or more in advance, and thus has not provided a balance sheet according to the specifications of 17 CFR Parts 275 and 279.

MFL has discretionary authority or custody of Client funds or securities. There is no financial condition that is reasonably likely to occur that would impair MFL's ability to meet contractual commitments to Clients. MFL has not been the subject of a bankruptcy petition during the past ten years.