

McIlrath & Eck, LLC
Managed Accounts Disclosure Statement (Schedule H)

McIlrath & Eck, LLC
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This brochure provides clients with information about McIlrath & Eck, LLC and its investment programs that should be considered before becoming a client. This information has not been approved or verified by any governmental authority.

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Services Provided To McIlrath & Eck, LLC's Clients
<u>Investment Management</u> Professional investment management; fee-based accounts; day-to-day overview of investments in stocks and bonds, mutual funds, exchange traded funds and other types of managed accounts;
<u>Financial and Estate Planning Services</u> Development of a comprehensive financial plan
<u>Portfolio Research and Asset Allocation Services</u> Analysis of client's financial holdings, including partnerships and energy-related issuers, and suggestions for

Advisory Fees for Investment Management Services

Advisory fees for the investment management services provided by McIlrath & Eck ("M&E") are as follows:

<u>Account Value (Standard)</u>	<u>Annual Fee</u>
Less than \$500,000	1.80%
\$500,001 - \$1,000,000	1.50%
\$1,000,001 - \$2,000,000	1.25%
Accounts over \$2,000,000	1.10%

M&E generally requires that clients maintain a minimum of \$250,000 in assets under management. This minimum may be waived at M&E's sole discretion. If M&E elects to waive the minimum and accept an account less than \$150,000, the management fee will be 2%. Once the account reaches \$150,000, the standard fee schedule applies. In the event of a withdrawal of funds or the termination of an account, any fees, commissions or other expenses associated with rebalancing or liquidating the account's holdings may be assessed to the client's account. Portfolio managers are not separately compensated from the advisory fees paid to M&E.

<u>Account Value (Alternative)</u>	<u>Annual Fee</u>
All account values*	3.00%

*Alternative investments are not suitable for all clients. M&E generally requires that clients who participate in alternative investments maintain a minimum of \$3,000 in alternative assets under management.

Clients may terminate their investment management services agreement by providing 2 weeks written notice. Upon termination, any prepaid fees will be prorated to the date of termination and unearned fees will be returned to the client. Clients have the option to allow McIlrath & Eck to deduct the fees directly from their account(s). Fees for clients who prefer to pay their fees in a different manner will be due upon receipt of the invoice for the fees.

Fees for Other M&E Services

Financial Planning & Estate Planning Services

Financial and estate planning services are provided for an hourly fee of \$220. In lieu of the hourly fee, clients may elect to negotiate a fixed fee based on the type of plan prepared.

Portfolio Research and Asset Allocation Services

The Portfolio Research and Asset Allocation Services are provided for an hourly fee of \$220. Fifty percent of the estimated fee is due at the time of signing the service agreement, and the balance is due upon receipt of the written recommendations.

Clients may terminate their Financial and Estate Planning Services Agreement or Portfolio Research and Asset Allocation Services Agreement upon written notice. Upon termination a client will receive an invoice for time spent gathering information and preparing the plan or recommendations and any prepaid, unearned fees will be returned to the client.

The above describes M&E's basic fee schedule. Arrangements with individual clients will be negotiated with each client based on the level of service to be provided. M&E believes its fees are competitive, however, lower fees for comparable services may be available from other sources. Clients retain the right and responsibility to vote proxies. McIlrath & Eck does not vote proxies on behalf of client accounts.

Wrap Fee Program Disclosures

- Wrap fee programs may not be suitable for all investment needs, and any decision to participate in a wrap fee program should be based on the client's individual financial circumstances and investment goals.
- The benefits under a wrap fee program depend, in part, upon the size of the client's account and the number of transactions likely to be generated in the account. For example, wrap accounts may not be suitable for accounts with little activity or accounts comprised principally of fixed income securities.
- Participating in a wrap fee program may cost more or less than the cost of separately purchasing services from broker-dealers and/or mutual fund distributors.
- M&E receives compensation as a result of the client's participation in a wrap program. This compensation may be more than if the client paid separately for investment advice, brokerage and other services.
- M&E may have a financial incentive to recommend wrap programs over other programs and services.

Other Fees

In addition to the fees described in the tables above, the client may incur other costs including indirect asset management fees charged by exchange traded funds, mutual fund management fees, 12(b)-1 fees and advisory fees charged by submanagers, etc.

Selection of Portfolio Managers; Qualifications and Assignment

M&E's portfolio managers are Thor H. McIlrath and Sam E. Eck. All investment decisions for clients' accounts are made by Mr. McIlrath or Mr. Eck, or both.

M&E does not require particular qualifications that its personnel meet any particular requirements as to education or business experience. Rather, it selects personnel involved in giving investment advice based on informal criteria that takes into account many factors relating to their overall experience, qualifications and integrity. In addition, all personnel involved in giving investment advice will meet the examination or experience requirements of the states in which they provide investment advisory services. If a client expresses a preference for a portfolio manager M&E will accommodate that request. Portfolio managers may be changed at the client's request or on the initiative of M&E either to balance workload or to match a client's particular needs with the portfolio managers' varying areas of expertise and/or experience.

The performance of individual portfolios and thus portfolio managers is continuously reviewed by M&E. No independent third party has been engaged to monitor performance. M&E attempts to measure performance in all client accounts on a uniform and consistent basis but may alter its methodology in unusual cases, such as when a client portfolio holds private investments, restricted securities, control securities or other difficult-to-value assets.

Background

Thor H. McIlrath

Mr. McIlrath, born 1969, attended the following universities: Columbia College, American College and the College for Financial Planning. He earned his CFP from American College. He held various positions as a registered representative and branch manager of various broker-dealers prior to co-founding M&E.

Mr. McIlrath is a licensed life insurance agent, and as such sells life insurance and annuities products. Mr. McIlrath may recommend insurance products to clients and may receive commissions for such sales if a client elects to purchase such products through him. The insurance products sold are transacted with a variety of insurance companies on a commission basis.

Clients are under no obligation to purchase or apply for any insurance products, or to use Mr. McIlrath as the broker for insurance products purchased. If clients decide to purchase or apply for insurance, or use Mr. McIlrath as the broker for insurance products, a conflict may exist between the interests of McIlrath & Eck and the interests of the client.

Sam K. Eck

Mr. Eck, born 1944, is a practicing attorney. He has an undergraduate degree and holds a juris doctorate degree, both from the University of Texas. Prior to forming M&E, Mr. Eck spent approximately 37 years in private law practice. Mr. Eck provides some legal analysis to clients as part of M&E's financial planning services. Mr. Eck expects that some clients to whom he provides legal advice may also become clients of McIlrath & Eck. Clients of Mr. Eck are under no obligation to use the services offered by McIlrath & Eck, and clients of McIlrath & Eck are under no obligation to use the legal services offered by Mr. Eck.

Brian O. Wyatt

Mr. Wyatt, born 1971, holds an Associate of Arts degree from Yakima Valley Community College and a Bachelor of Science degree from Central Washington University. Prior to joining M&E, Mr. Wyatt spent approximately 10 years as a controller with Drotzman, an interstate trucking company.

Ms. Lugg, born 1984, holds an Bachelor of Science degree from The Masters College. Prior to joining M&E, Ms. Lugg was a full-time student. Ms. Lugg joined M&E in 2006.

Client Account Information and Updates

When a client establishes an investment advisory agreement with M&E, Mr. McIlrath or Mr. Eck will discuss with the client the client's current financial situation, return objectives, risk tolerance, investment restrictions and other relevant information. If the portfolio manager is not the person that conducts this interview, this information is provided to, and reviewed by, the portfolio manager prior to the commencement of trading on the client's behalf. It is the client's responsibility to provide accurate and complete information since the failure to do so could affect the services being provided. The investment management agreement entered into with each client discloses the investment style M&E will use to manage the account.

Ongoing, it continues to be each client's obligation to notify M&E promptly of any material changes in financial circumstances, investment objectives or restrictions that might affect account management. Annually, M&E will talk with each client to review the client's investor profile with the client to ensure accuracy.

Investment management accounts are reviewed daily. All client account reviews are performed by Thor McIlrath and Sam Eck, Managing Members of McIlrath & Eck.

Financial planning clients are responsible for contacting M&E for review of the provided financial plan. McIlrath & Eck recommends at least annual reviews in addition to reviews triggered by changing financial and personal circumstances.

Clients receive periodic portfolio performance reports and overviews directly from M&E. In addition, clients also receive account statements from the custodian of their assets at least quarterly.

There are no restrictions on client access to M&E's principals/portfolio managers.

Types of Clients Serviced by M&E

M&E provides investment advice to individuals, institutions, pension and profit-sharing plans, trusts, estates and other charitable organizations.

Additional Compensation

M&E may exercise discretion over the following areas/items: The specific securities to be bought or sold on the client's behalf; and the amount of securities to be bought or sold on the client's behalf.

M&E will have authority to exercise its full discretion on the above named factors without restriction; except that M&E does observe any specific limitations that may be imposed by the client in relation to this discretionary authority.

All of M&E's client accounts utilize the services of one or more qualified custodians with whom M&E has various master account relationships, generally an independent and unaffiliated FINRA-registered broker-dealer and/or a NYSE/SIPC member. These custodians offer services to independent investment advisors which include custody of securities, trade execution,

clearance and settlement of transactions. M&E receives some benefits from these relationships. These benefits may include some or all of the following:

- receipt of duplicate client continuations;
- the ability to have advisory fees deducted directly from client accounts;
- access to an electronic communications network for client order entry and account information;

As part of its fiduciary duties to clients, M&E endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by M&E (or its related persons) in and of itself creates a potential conflict of interest.

Contact Information

Clients may contact and consult directly with their portfolio manager during regular business hours, which are Monday through Friday, 9:00 a.m. to 5:00 pm, Pacific Time.

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