

# Mohlman Asset Management, LLC

## Client Brochure

*This brochure provides information about the qualifications and business practices of Mohlman Asset Management, LLC. If you have any questions about the contents of this brochure, please feel free to contact us at (260) 420-7772 or by email at: MIKE@MOHLMANWEALTHMANAGEMENT.COM. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.*

*Additional information about Mohlman Asset Management, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Mohlman Asset Management, LLC's CRD number is: 148322*

200 East Main Street,  
Suite 530  
Fort Wayne, Indiana, 46802  
260-420-7772  
MIKE@MOHLMANWEALTHMANAGEMENT.COM  
[www.mohlmanassetmanagement.com](http://www.mohlmanassetmanagement.com)

*Registration does not imply a certain level of skill or training.*

Version Date: February 12, 2017

## **Item 2: Material Changes**

The following items have been from Mohlman Asset Management, LLC's last annual update filing on 03/21/2017. Material changes relate to Mohlman Asset Management, LLC's policies, practices or conflicts of interests only.

- Updated language disciplinary action (Item 9).
- Michael Mohlman has taken over as President and Chief Compliance Officer, as Louis Mohlman is no longer affiliated with Mohlman Asset Management, LLC.

## Item 3: Table of Contents

### Table of Contents

Item 2: Material Changes.....	i
Item 3: Table of Contents.....	1
Item 4: Advisory Business.....	4
A. Description of the Advisory Firm.....	4
B. Types of Advisory Services.....	4
Investment Supervisory Services.....	4
<i>Pension Consulting Services</i> .....	4
Services Limited to Specific Types of Investments.....	5
C. Client Tailored Services and Client Imposed Restrictions.....	5
D. Wrap Fee Programs.....	5
E. Amounts under Management.....	5
Item 5: Fees and Compensation.....	6
A. Fee Schedule.....	6
Investment Supervisory Services Fees & Pension Consulting Services.....	6
Performance Based Fees.....	6
B. Payment of Fees.....	7
Payment of Investment Supervisory Fees & Pension Consulting Fees.....	7
Payment of Performance Based Fees.....	7
C. Clients Are Responsible For Third Party Fees.....	7
D. Prepayment of Fees.....	8
E. Outside Compensation for the Sale of Securities to Clients.....	8
Item 6: Performance-Based Fees and Side-By-Side Management.....	8
Item 7: Types of Clients.....	8
Minimum Account Size.....	8
Item 8: Methods of Analysis, Investment Strategies and Risk, of Investment Loss.....	9
A. Methods of Analysis and Investment Strategies.....	9
Fundamental analysis.....	9
Technical analysis.....	9
Cyclical analysis.....	9
B. Material Risks Involved.....	9
C. Risks of Specific Securities Utilized.....	9
Item 9: Disciplinary Information.....	10
Item 10: Other Financial Industry Activities and Affiliations.....	10
A. Registration as a Broker/Dealer or Broker/Dealer Representative.....	10

B.	Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor	10
C.	Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests .....	10
D.	Selection of Other Advisors or Managers and How This Adviser is compensated for Those Selections .....	11
Item 11: Code of Ethics, Participation in Transactions, Personal Trading .....		11
A.	Code of Ethics.....	11
B.	Recommendations Involving Material Financial Interests .....	11
C.	Investing Personal Money in the Same Securities as Clients .....	11
D.	Trading Securities At/ Around the Same Time as Clients' Securities .....	12
Item 12: Brokerage Practices .....		12
A.	Factors Used to Select Custodians and/or Broker/Dealers .....	12
1.	Research and Other Soft-Dollar Benefits.....	15
2.	Brokerage for Client Referrals .....	15
3.	Clients Directing Which Broker/Dealer/Custodian to Use .....	16
B.	Aggregating (Block) Trading for Multiple Client Accounts.....	16
Item 13: Reviews of Accounts.....		16
A.	Frequency and Nature of Periodic Reviews and Who Makes Those Reviews .....	16
B.	Factors That Will Trigger a Non-Periodic Review of Client Accounts .....	16
C.	Content and Frequency of Regular Reports Provided to Clients .....	17
Item 14: Client Referrals and Other Compensation .....		17
A.	Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes) 17	
B.	Compensation to Non – Advisory Personnel for Client Referrals .....	17
Item 15: Custody .....		17
Item 16: Investment Discretion.....		17
Item 17: Voting Client Securities (Proxy Voting) .....		18
Item 18: Financial Information.....		18
A.	Balance Sheet .....	18
B.	Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients .....	18
C.	Bankruptcy Petitions in Previous Ten Years .....	18

## Item 4: Advisory Business

### A. Description of the Advisory Firm

This firm has been in business since October 14, 2008. The president and Chief Compliance Officer is Michael Mohlman. The principal owner is Louis Gerald Mohlman.

### B. Types of Advisory Services

Mohlman Asset Management, LLC (hereinafter "MAM") offers the following services to advisory clients:

#### *Investment Supervisory Services*

MAM offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. MAM documents the client's current situation (income, tax levels, and risk tolerance levels) and then constructs a portfolio that matches each client's specific situation. Investment Supervisory Services include, but are not limited to, the following:

- Investment strategy
- Asset allocation
- Risk tolerance
- Personal investment policy
- Asset selection
- Regular portfolio monitoring

MAM evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. MAM will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction.

#### *Pension Consulting Services*

FIRM offers ongoing investment services to pension or other employee benefit plans (including but not limited to 401(k), defined benefit and defined contribution plans) based on the demographics, goals, objectives, time horizon, and/or risk tolerance of the plan's participants and plan sponsor.

Pension consulting service may involve the direct investment management of participant accounts, provide the selection and monitoring process for the various funds offered to plan participants, develop and maintain an Investment Policy Statement for the plan, and/or provide plan sponsor, group and individual employee education on investment options, asset allocation, and retirement planning.

### ***Services Limited to Specific Types of Investments***

MAM limits its money management to mutual funds, equities, bonds, fixed income, debt securities, ETFs, real estate, hedge funds, third party money managers, REITs, insurance products including annuities, private placements, government securities. MAM may use other securities as well to help diversify a portfolio when applicable.

### **C. Client Tailored Services and Client Imposed Restrictions**

MAM offers the same suite of services to all of its clients. However, specific client financial plans and their implementation are dependent upon the client Investment Policy Statement which outlines each client's current situation (income, tax levels, and risk tolerance levels) and is used to construct a client specific plan to aid in the selection of a portfolio that matches restrictions, needs, and targets.

Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent MAM from properly servicing the client account, or if the restrictions would require MAM to deviate from its standard suite of services, MAM reserves the right to end the relationship.

### **D. Wrap Fee Programs**

MAM participates in wrap fee programs, which are investment programs where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and any other administrative fees. MAM manages the investments in the wrap fee program, a portion of the fees paid to the wrap account program will be given to MAM as a management fee.

### **E. Amounts under Management**

MAM has the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$ 117,000,000	\$ 61,000,000	12/31/2016

## Item 5: Fees and Compensation

### A. Fee Schedule

#### *Investment Supervisory Services Fees & Pension Consulting Services*

Total Assets Under Management	Annual Fee
\$1 - \$5,000,000	2.00%
\$5,000,001 - \$10,000,000	1.50%
\$10,000,001 - \$20,000,000	1.25%
Above \$20,000,000	1.00%

These fees are negotiable and the final fee schedule is available in the Investment Advisory Contract. Fees are paid quarterly in arrears, and clients may terminate their contracts with written notice. Because fees are charged in arrears, no refund policy is necessary. Clients may terminate their accounts without penalty within 5 business days of signing the advisory contract.

Advisory fees are withdrawn directly from the client's accounts with client written authorization.

#### *Performance Based Fees*

Qualified investors may be charged performance fees based on net profits above a mutually agreed index. Performance fees are charged one of two ways:

1. An absolute performance fee. A negative absolute returns no fee. Positive absolute returns a 1.00% fee.
2. A relative performance fee of 40% in excess of the index chosen jointly by MAM and the client.
3. A profit sharing fee. A negative absolute return or no return no fee. If a positive return predetermined profit split of up to 30% of profit fee.

Each qualified client will complete and sign a new account form indicating their qualified financials. Each year MAM will update the form and have the client sign to confirm.

Examples:

Assume a one-year measurement period:

**Absolute Return Formula:** If the account has a negative total return, there is no fee charged. If the account has a positive return, the fee is 1.00%.

**Relative Return Formula:** A standard index benchmark is selected such as the S&P 500 index. If after one year the account return is equal to or less than the index there is no fee. If the account return was 9% and the benchmark was 10%, then no fee is charged. If the account return is greater than the index, the fee is 40% of the extra profit. If the index return is 8% and the account return is 10%, the total charged fee is 80 basis points (2% extra profit X 40%).

**Profit Sharing Fee:** A negative absolute return or no return no fee. If a positive return predetermined profit split of up to 30% of profit fee.

Similar services may be available elsewhere at lower cost to the client.

Performance based fees are nonnegotiable and are paid in arrears, and clients may terminate their contracts with written notice. Because fees are charged in arrears, no refund policy is necessary. Performance Based fees are withdrawn directly from the client's accounts with client written authorization.

Account performance calculated by custodian account monitoring platform. Performance fee are calculated year by year, past fees or past account values do not impact a current year fee. Client can change asset or performance base fee at any time, any accrued or pending fee will be paid and then new fee option will be in force.

## **B. Payment of Fees**

### ***Payment of Investment Supervisory Fees & Pension Consulting Fees***

Advisory fees are withdrawn directly from the client's accounts with client written authorization. Fees are paid quarterly in arrears.

### ***Payment of Performance Based Fees***

Performance based fees are withdrawn directly from the client's accounts with client written authorization. Fees are paid in arrears.

## **C. Clients Are Responsible For Third Party Fees**

Clients are responsible for the payment of all third party fees (i.e. custodian fees, mutual fund fees, transaction fee etc.). Those fees are separate and distinct from the fees and expenses charged by MAM. Please see Item 12 of this brochure regarding broker/custodian.

Wrap account clients have custodial and transaction fees included in their investment management fee.



## **D. Prepayment of Fees**

MAM collects its fees in arrears. It does not collect fees in advance.

## **E. Outside Compensation for the Sale of Securities to Clients**

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

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

MAM manages accounts that are billed on a share of capital gains on or capital appreciation of the assets of a client. Managing both kinds of accounts at the same time presents a conflict of interest because MAM or its supervised persons have an incentive to favor accounts for which MAM and its supervised persons receive a performance-based fee. MAM addresses the conflicts by ensuring that clients who have performance based accounts do not receive preferential treatment. MAM provides best execution practices and upholds its fiduciary duty for all clients.

Clients that are paying a performance based fee should be aware that investment advisors have an incentive to invest in riskier investments when paid a performance based fee due to the higher risk/higher reward attributes.

## **Item 7: Types of Clients**

MAM generally provides investment advice and/or management supervisory services to the following Types of Clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Pension and Profit Sharing Plans
- ❖ Trusts, Estates, or Charitable Organizations
- ❖ Corporations or Business Entities

### ***Minimum Account Size***

There is an account minimum, \$100,000, which may be waived by the investment advisor, based on the needs of the client and the complexity of the situation.

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

### A. Methods of Analysis and Investment Strategies

MAM's methods of analysis include fundamental analysis, technical analysis, and cyclical analysis.

**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** involved the analysis of business cycles to find favorable conditions for buying and/or selling a security.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### B. Material Risks Involved

MAM uses Long Term Trading, Short Term Trading, Short Sales Covered Calls and Protective Puts strategies.

MAM utilizes investment strategies that are designed to capture market rates of both return and risk. Frequent trading, when done, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes. Short sales generally hold greater risk and clients should be aware that there is a chance of material risk of loss using any of those strategies.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### C. Risks of Specific Securities Utilized

MAM can invest in securities that have a small capitalization and are less liquid, buying and selling of these types of securities can impact the trading price, buys pushing the price up and sells pushing the price down. MAM uses trade desks, block orders, and price limit orders to help offset this pricing impact. It may take time to accumulate or decrease a position because of less trading volume.

MAM generally seeks investment strategies that do not involve significant or unusual risk beyond that of the general domestic and/or international equity markets.

**Past performance is not a guarantee of future returns. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## Item 9: Disciplinary Information

In June 2009, Louis Gerald Mohlman entered into an acceptance, waiver & consent agreement with FINRA for offering to pay an employee of his prior employer firm to obtain his account notes and confidential account information with respect to one of his former customer accounts. Louis agreed to \$10,000 administrative/civil fine and a 3 month FINRA suspension.

On January 31, 2018 the SEC entered an administrative order accepting a settlement with MAM and Mohlman, which imposed certain obligations and made findings to which MAM and Mohlman agreed without admitting or denying those findings (the "Administrative Proceeding"). This action is further to a previous judgment entered on January 17, 2018 by agreement between the SEC, MAM, Mohlman and MAMF (an affiliated adviser to MAM) in a related proceeding entitled Securities and Exchange Commission v. Louis G. Mohlman, Jr, et al., Civil Action Number 1:17-cv-00502-WCL-SLC, in the United States District Court for the Northern District of Indiana (the "Civil Action"), permanently enjoining Mohlman, MAM and MAMF from future violations of Sections 206(1), 206(2) and 206(4) of the Investment Advisers Act of 1940; Mohlman and MAM from future violations of Section 207 of the Advisers Act; Mohlman and MAMF from future violations of Rule 206(4)-8 under the Advisers Act; MAM and MAMF from future violations of Rule 206(4)-7 under the Advisers Act; and MAMF from future violations of Rule 206(4)-2 under the Advisers Act. Mohlman agreed to the entry of the injunctive order against him without admitting or denying any of the findings. Information describing the Civil Action and the Administrative Proceeding can be found at the SEC's website at <https://www.sec.gov/litigation/admin/2018/ia-4851.pdf>.

The Civil Action and the Administrative Proceeding are based on the following allegations by the SEC against MAM, Mohlman and MAMF: that in 2012 and 2013, Mohlman, directly and through MAM, LLC and MAMF engaged Mohlman Asset Management Fund II ("Fund II") in a conflicted transaction with one of MAM, LLC's advisory clients and in another conflicted transaction used Fund II's assets to make an unsecured personal loan to other individuals. MAMF and Mohlman made material misstatements and omissions concerning those transactions to Fund II investors. The Complaint also alleged that Mohlman, directly and through MAM, LLC and MAMF: 1) from 2012 to 2014, improperly used Fund II's assets to pay MAMF's compliance-related fees, and in 2014, two Fund I capital call obligations, and MAM, LLC's obligation to an advisory client; 2) between July 2013 and December 2013, made misrepresentations to prospective and current advisory clients that accounting and legal firms had approved of an investment strategy they were promoting; and 3) in 2014, failed to disclose on a timely basis the financial conflict of interest created by the agreement to receive a forgivable loan from LPL Financial in exchange for clients using LPL Financial for custodial and brokerage services before clients switched to LPL. Further, the complaint alleged that from 2012 until 2013, MAMF failed to comply with Rule 206(4)-2 with respect to Funds I and II. In 2014, MAM, LLC and Mohlman filed materially inaccurate Forms ADV, Part 2A, for MAM, LLC that did not disclose the financial conflict of interest created by the forgivable LPL loan. Finally the complaint alleged that MAMF had a deficient compliance program between 2011 through present and MAM, LLC had a deficient compliance program from 2011 through 2015.

Based on these actions, in addition to the agreed injunction, MAM also agreed to a censure and to pay a \$100,000 fine (jointly and severally with MAMF and Mohlman). In addition, MAMF and Mohlman agreed to disgorgement of \$937.37 to Fund II for certain compliance costs. Separately, Mohlman agreed to a bar from association with any broker, dealer, investment adviser municipal securities dealer, municipal advisor, transfer agent or nationally recognized statistical rating organization with the right to reapply after two years.

Additional information regarding Mohlman is available on FINRA's website at:  
<http://brokercheck.finra.org/Support/ReportViewer.aspx>

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

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Michael David Mohlman is a registered representative of LPL Financial, LLC. From time to time, he will offer clients advice or products from those activities. Clients should be aware that these services 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. Mohlman Asset Management LLC always acts in the best interest of the client, including with respect to the sale of commissionable products to advisory clients. Clients are in no way required to purchase such services or products through any representative of Mohlman Asset Management LLC in such individual's outside capacities

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither MAM nor its representatives are registered as a FCM, CPO, or CTA.

### **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Michael Mohlman is a licensed insurance agent and registered representative. From time to time, he will offer clients products from those activities. Clients should be aware that these services pay compensation and thus involve a conflict of interest. MAM will always acts in the best interest of the client. Clients are in no way required to purchase any product or service through any representative of MAM in such individual's capacities.

### **D. Selection of Other Advisors or Managers and How This Adviser is compensated for Those Selections**

MAM does not utilize nor select other advisors or third party managers.

## **Item 11: Code of Ethics, Participation in Transactions, Personal Trading**

### **A. Code of Ethics**

We have a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Clients may request a copy of our Code of Ethics from management.

### **B. Recommendations Involving Material Financial Interests**

MAM does recommend that clients buy or sell any security in which a related person to MAM has a material financial interest.

From time to time, MAM may recommend to clients securities in which MAM or a related person has a material financial interest, including securities for which related person of MAM serves as general or managing partner, officer, board member underwriter, purchaser representative or co investor. This creates a conflict of interest since MAM or a related person would benefit financially from clients investing in these securities. MAM will always act in the best interest of the client.

### **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of MAM may buy or sell securities for themselves that they also recommend to clients. MAM will always document any transactions that could be construed as conflicts of interest and will always transact client business before their own when similar securities are being bought or sold.

### **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of MAM may buy or sell securities for themselves at or around the same time as clients. MAM may trade non-mutual fund or non-ETF securities at or around the same time as trading the same security for clients.

## Item 12: Brokerage Practices

### A. Factors Used to Select Custodians and/or Broker/Dealers

MAM received a loan from LPL Financial in order to assist MAM with transitioning its business onto the LPL Financial custodial platform. This loan will be forgiven by LPL Financial based on the scope of business MAM engages in with LPL Financial, including the amount of MAM's client assets with LPL Financial. This presents a conflict of interest in that MAM has a financial incentive to recommend that you maintain your account with LPL Financial in order to benefit by having the loan forgiven. However, to the extent MAM recommends you use LPL Financial for such services, it is because MAM believes that it is in your best interest to do so based on the quality and pricing of the execution, benefits of an integrated platform for brokerage and advisory accounts, and other services provided by LPL Financial.

Custodians are chosen based on their relatively low transaction fees and access to mutual funds and ETFs. MAM will never charge a premium or commission on transactions, beyond the actual cost imposed by Custodian.

MAM participates in the institutional advisor program (the "Program") offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC/NFA ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Advisor receives some benefits from TD Ameritrade through its participation in the Program. There is no direct link between MAM participation in the program and the investment advice it gives to clients, although MAM 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 are at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to trading desk serving MAM 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 MAM 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 certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to MAM by third party vendors. TD Ameritrade may also pay for business consulting and professional services received by MAM's related persons. Some of the products and services made available by TD Ameritrade through the Program may benefit MAM but may not benefit the clients account. These products or services may assist MAM in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help MAM manage and further develop

business enterprise. The benefits received by MAM 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, MAM endeavors at all times to put the interest of its clients first. Clients should be aware, however, that the receipt of economic benefits by MAM or its related persons in and of itself creates a conflict of interest and may indirectly influence the MAM choice of TD Ameritrade for custody and brokerage services.

MAM may recommend/require that clients establish brokerage accounts with the Schwab Advisor Services division of Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. The final decision to custody assets with Schwab is at the discretion of the Advisor's clients, including those accounts under ERISA or IRA rules and regulations, in which case the client is acting as either the plan sponsor or IRA accountholder. MAM is independently owned and operated and not affiliated with Schwab. Schwab provides MAM with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at Schwab Advisor Services. Schwab's services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For MAM client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab also makes available to MAM other products and services that benefit MAM but may not benefit its clients' accounts. These benefits may include national, regional or MAM specific educational events organized and/or sponsored by Schwab Advisor Services. Other potential benefits may include occasional business entertainment of personnel of MAM by Schwab Advisor Services personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist MAM in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of [Advisor Firm's] fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of MAM accounts, including accounts not maintained at Schwab Advisor Services. Schwab Advisor Services also makes available to



MAM other services intended to help MAM manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, Schwab may make available, arrange and/or pay vendors for these types of services rendered to MAM by independent third parties. Schwab Advisor Services may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to MAM. While, as a fiduciary, MAM endeavors to act in its clients' best interests, MAM's recommendation/requirement that clients maintain their assets in accounts at Schwab may be based in part on the benefit to MAM of the availability of some of the foregoing products and services and other arrangements and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

MAM has an arrangement with National Financial Services LLC, and Fidelity Brokerage Services LLC through which Fidelity provides MAM with Fidelity's "platform" services. The platform services include, among others, brokerage, custodial, administrative support, record keeping and related services that are intended to support intermediaries like Registrant in conducting business and in serving the best interests of their clients but that may benefit Registrant.

Fidelity charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Fidelity enables Registrant to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Fidelity's commission rates are generally considered discounted from customary retail commission rates. However, the commissions and transaction fees charged by Fidelity may be higher or lower than those charged by other custodians and broker-dealers.

As part of the arrangement, Fidelity also makes available to Registrant, at no additional charge to Registrant, certain research and brokerage services, including research services obtained by Fidelity directly from independent research companies, as selected by Registrant (within specified parameters). These research and brokerage services presently include services and are used by MAM to manage accounts for which MAM has investment discretion.



As a result of receiving such services for no additional cost, MAM may have an incentive to continue to use or expand the use of Fidelity's services. MAM examined this potential conflict of interest when it chose to enter into the relationship with Fidelity and has determined that the relationship is in the best interests of MAM's clients and satisfies its client obligations, including its duty to seek best execution. A client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where MAM determines in good faith that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although MAM will seek competitive rates, to the benefit of all clients, it may not necessarily obtain the lowest possible commission rates for specific client account transactions. Although the investment research products and services that may be obtained by MAM will generally be used to service all of MAM's clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account. MAM and Fidelity are not affiliates, and no broker-dealer affiliated with MAM is involved in the relationship between MAM and Fidelity.

### ***1. Research and Other Soft-Dollar Benefits***

There is no minimum client number or dollar number that MAM must meet in order to receive free research from the custodian or broker/dealer. There is no incentive to for MAM to direct clients to this particular broker-dealer over other broker-dealers who offer the same services. The first consideration when recommending broker/dealers to clients is best execution.

### ***2. Brokerage for Client Referrals***

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

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

MAM allows clients to direct brokerage. MAM may be unable to achieve most favorable execution of client transactions if clients choose to direct brokerage. This may cost clients' money because without the ability to direct brokerage MAM may not be able to aggregate orders to reduce transactions costs resulting in higher brokerage commissions and less favorable prices.

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

MAM maintains the ability to block trade purchases across accounts. Block trading may benefit clients by purchasing larger blocks in groups. When compiling block trades MAM will always seek not to favor specific clients with regard to speed of execution or allocation of pricing. If block orders or total investment positions need to be bought over time trades will be allocated each day to all accounts in proportion of each client's percentage to the total trade as long as there had been a total number of shares that the smallest client allocation is at least 100 shares. If the total block trade is too small to allocate to all clients then clients will be selected in a rotating order to receive a given daily allocation. The rotation allocation will take into account allocation size, past execution prices, frequency and times of past allocations. The overall objective is when the block trade is completed all clients will have a fair net total execution value. Clients and MAM representatives may be in a block trade together, if this occurs MAM representatives will be treated equally with all clients in block allocations.

## **Item 13: Reviews of Accounts**

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

A Sample of Client accounts are reviewed monthly by Michael Mohlman, President. Michael Mohlman is the chief advisor and is instructed to review clients' accounts with regards to investment positions for the model portfolio selection. All accounts at IA are assigned to this reviewer.

### **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

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, cash withdrawal / addition or inheritance).

### **C. Content and Frequency of Regular Reports Provided to Clients**

Each client will receive at a monthly written report detailing the clients account performance, which may come from the custodian.

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

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

MAM does not receive any economic benefit, directly or indirectly from any third party for advice rendered to MAM clients. MAM does receive benefits as described in item 12.

### **B. Compensation to Non - Advisory Personnel for Client Referrals**

MAM does not directly or indirectly compensates any person/solicitor who is not advisory personnel for client referrals.

## **Item 15: Custody**

MAM does not take custody of client accounts at any time. Custody of client's accounts is held primarily at the custodian. MAM thru written authority of the investment management agreement has limited custody access thru direct fee deduct of MAM fees from the selected custodian. Clients will receive account statements from the custodian and should carefully review those statements for accuracy.

## **Item 16: Investment Discretion**

For those client accounts where MAM provides ongoing supervision, MAM maintains limited power of authority over client accounts with respect to securities to be bought and sold and amount of securities to be bought and sold. All buying and selling of securities is explained to clients in detail before an advisory relationship has commenced.

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

MAM may accept voting authority for client securities in certain cases. Authority must be in writing. When MAM does accept voting authority for client securities, it will always seek to vote in the best interests of its clients. MAM does not maintain preapproved voting guidelines but relies on the investment committee to determine the appropriate course of action in voting client securities that is in the best interest of the client. When voting client proxies the investment committee will always hold the interests of the clients above its own interests. Clients of MAM may obtain the voting record of MAM on client securities by contacting MAM at phone number

or e-mail address listed on the cover page of this brochure. Clients may obtain a copy of MAM's proxy voting policies and procedures upon request.

## **Item 18: Financial Information**

### **A. Balance Sheet**

MAM does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither MAM nor its management have any financial conditions that are likely to reasonably impair our ability to meet contractual commitments to clients.

### **C. Bankruptcy Petitions in Previous Ten Years**

Neither MAM nor its management have been the subject of a bankruptcy petition in the last ten years.