

MONEY MANAGERS ADVISORY

CRD #104972

Brochure

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Contact: Nancy Coutu, Chief Compliance Officer

1211 W. 22ND St., Suite 800

Oak Brook, IL 60523

800-990-7174

<http://www.monimgr.com>

This Brochure provides information about the qualifications and business practices of Money Managers Advisory. If you have any questions about the contents of this Brochure, please contact us at 630-990-7174 or email at nancy@monimgr.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 Money Managers Advisory also is available on the SEC's website at www.adviserinfo.sec.gov.

References herein to Money Managers Advisory as a "registered investment adviser" or any reference to being "registered" does not imply a certain level of skill or training.

Item 2 Material Changes

There have been no material changes made to this ADV Part 2A Brochure since our previous Annual Amendment filing made on March 30, 2018.

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Item 4 Advisory Business

- A. Money Managers Advisory (MMA) is a Subchapter S company formed in 1988 in the state of Illinois. MMA stock is owned by Nancy Coutu, President.

B.

INVESTMENT ADVISORY SERVICES

MMA provides discretionary investment advisory services on a *fee* basis. MMA's annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under MMA's management.

Before MMA provides investment advisory services, an investment adviser representative will ascertain each client's investment objectives. MMA will then allocate and/or recommend that the client allocate investment assets consistent with the designated investment objectives. Once allocated, MMA provides ongoing monitoring and review of account performance and asset allocation as compared to client investment objectives.

FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)

MMA may be engaged to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone separate fee basis. MMA's planning and consulting fees are negotiable, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s). Before engaging MMA to provide planning or consulting services, clients are generally required to enter into a separate agreement with MMA setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client before MMA commences services. The advisory relationship ends when the planning that has been contracted has occurred and the fee has been paid by the client. In order to continue the relationship and implement any or all of the financial planning recommendations, it is necessary to enter into a continuing investment management agreement and proceed via the guidance found later in this brochure.

MISCELLANEOUS ADVISORY SERVICES DISCLOSURE

Limitations of Financial Planning and Non-Investment Consulting/Implementation Services. As indicated above, to the extent requested by a client, MMA may provide financial planning and related consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. MMA does not serve as an attorney or accountant, and no portion of its services should be construed as legal or accounting services. Accordingly, MMA does not prepare estate planning documents or tax returns.

To the extent requested by a client, MMA may recommend the services of other professionals for certain non-investment implementation purpose (i.e. attorneys, accountants, insurance agents, etc.), including certain of MMA's associated persons, in their separate and individual capacity as licensed insurance agents (see disclosures at Item 10.C). The client is under no obligation to engage the services of any such recommended

professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from MMA or its representatives.

If the client engages any recommended unaffiliated professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. At all times, the engaged licensed professional(s) (i.e. attorney, accountant, insurance agent, etc.), and not MMA, shall be responsible for the quality and competency of the services provided.

The recommendation by MMA's representative that a client purchase an insurance commission product through MMA's representatives in their separate and individual capacity as an insurance agent, presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend insurance products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any insurance commission products through such a representative. Clients are reminded that they may purchase securities and insurance products recommended by MMA through other, non-affiliated insurance agents. MMA's Chief Compliance Officer, Nancy Coutu remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.

Retirement Plan Rollovers-No Obligation/Conflict of Interest. A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If MMA recommends that a client roll over their retirement plan assets into an account to be managed by MMA, such a recommendation creates a conflict of interest if MMA will earn a new (or increase its current) advisory fee as a result of the rollover. No client is under any obligation to roll over retirement plan assets to an account managed by MMA. MMA's Chief Compliance Officer, Nancy Coutu, remains available to address any questions that a client or prospective client may have regarding its prospective engagement and the corresponding conflict of interest presented by such engagement.

Disclosure Statement. A copy of MMA's written Brochure as set forth on Part 2 of Form ADV shall be provided to each client before, or contemporaneously with, the execution of the *Investment Advisory Agreement* or *Financial Planning Agreement*.

Use of Mutual and Exchange Traded Funds: Most mutual funds and exchange traded funds are available directly to the public. Thus, a prospective client can obtain many of the funds that may be utilized by MMA independent of engaging MMA as an investment advisor. However, if a prospective client determines to do so, he/she will not receive MMA's initial and ongoing investment advisory services.

In addition to MMA's investment advisory fee described below, and transaction and/or custodial fees discussed below, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).

Portfolio Activity. MMA has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, MMA will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including, but not limited to, investment performance, fund manager tenure, style drift, account additions/withdrawals, and/or a change in the client's investment objective. Based upon these factors, there may be extended periods of time when MMA determines that changes to a client's portfolio are neither necessary nor prudent. Of course, as indicated below, there can be no assurance that investment decisions made by MMA will be profitable or equal any specific performance level(s)

Independent Managers. MMA may allocate (and/or recommend that the client allocate) a portion of a client's investment assets among unaffiliated independent investment managers in accordance with the client's designated investment objective(s). In such situations, the Independent Manager(s) shall have day-to-day responsibility for the active discretionary management of the allocated assets. MMA will continue to render investment supervisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. MMA generally considers the following factors when recommending Independent Manager(s): the client's designated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research.

REITs. MMA may provide advice regarding real estate investment trusts (REITs) and real estate partnerships. Some of the REITs that are the subject of MMA's advisory services are not publicly traded. In other words, the lack of an active secondary market for the sale of such REITs can limit a client's ability to dispose of such investments in a timely manner and/or at an advantageous price. Consequently, a client should exercise caution to avoid overconcentration of their assets in these illiquid investments.

In order for a REIT to be purchased in a MMA advisory account, the REIT distributor needs to provide *advisory-class pricing* for their products. Generally this means that the REIT distributor allows purchases at a price that "waives" the sales charge, or "load", thus allowing MMA to include the product in the comprehensive billing that is already established for the client's account.

It is likely the price of a REIT listed on your account statement provided by a custodian only reflects the original purchase price and does not reflect any price or value from a secondary market, a repurchase offered by the sponsor or the book value. It is possible that the actual value of the REIT on a secondary market or through a repurchase by a sponsor is significantly less than the original purchase price shown on the account statement provided by the custodian. To the extent that an alternative investment such as a REIT is included in your program, the alternative investment may be subject to an asset management fee by MMA, which will be based upon the current valuation set by the product sponsor, as reflected on the custodian's account statement.

Please note: The value reflected on the account statement does not necessarily reflect the actual value of the alternative investment. Please refer to your investment advisory agreement with MMA for more details.

Unaffiliated Private Investment Funds. MMA may recommend that certain qualified clients consider an investment in unaffiliated private investment funds. MMA's role relative to the private investment funds shall be limited to its initial and ongoing due diligence and investment monitoring services. MMA's clients are under absolutely no obligation to consider or make an investment in a private investment fund(s).

Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike liquid investments that a client may own, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

Valuation: If MMA bills an investment advisory fee based upon the value of private investment funds or otherwise references private investment funds owned by the client on any supplemental account reports prepared by MMA, the value for all private investment funds owned by the client will reflect the most recent valuation provided by the fund sponsor. The current value of any private investment fund could be significantly more or less than the original purchase price or the price reflected in any supplemental account report.

Trade Errors. MMA has implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with our fiduciary duty, it is the policy of MMA to correct trade errors in a manner that is fair to the client. In cases where the client causes the trade error, the client will be responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client will not be able to receive any gains generated as a result of the error correction.

In all situations where the client does not cause the trade error, the client will be made whole and any loss resulting from the trade error will be absorbed by MMA if the error was caused by the firm. If the error is caused by the broker-dealer, the broker-dealer will be responsible for covering all trade error costs. The trade will be moved to an error account and will be dealt with at the discretion of the broker dealer.

Client Obligations. In performing its services, MMA shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains their responsibility to promptly notify MMA if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, revising MMA's previous recommendations and/or services.

- C. MMA shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, MMA shall allocate and/or recommend that the client allocate investment assets consistent with the designated

investment objective(s). The client may, at any time, impose reasonable restrictions, in writing, on MMA's services.

- D. MMA does not offer a wrap fee program for its investment advisory services. However, MMA is a participating investment adviser in certain unaffiliated wrap and managed account fee programs. The programs for which MMA manages investment advisory accounts on a discretionary basis are sponsored by SEI Asset Management and Morningstar (the "Program Sponsors"). Clients who choose to utilize an unaffiliated wrap program will be provided with the Program Sponsor's Disclosure Brochure and will be required to execute a separate investment management agreement with the Program Sponsor. With respect to the wrap-fee and managed account programs in which MMA is a participating investment adviser, clients pay their fees directly to the Program Sponsors who, in turn, remit a portion of those fees to MMA. The advisory fees remitted to MMA are based upon an annual percentage of assets under management, and are calculated by the Program Sponsors either on a quarterly basis or a monthly basis.
- E. As of December 31, 2018, MMA had \$110,797,220 in assets under management on a discretionary basis.

Item 5 Fees and Compensation

INVESTMENT ADVISORY SERVICES

MMA provides discretionary investment advisory services on a *fee* basis. MMA's annual investment advisory fee shall be based upon a percentage (%) of the market value of assets placed under MMA's management (between negotiable and 1.60%) as follows:

<u>Market Value of Assets</u>	<u>Annual Fee %</u>
Under \$250,000	1.6% of Assets
\$250,000-\$499,999	1.4% of Assets
\$500,000-\$999,999	1.2% of Assets
\$1,000,000-\$2,499,999	1.0% of Assets
\$2,500,000-\$4,999,999	0.90% of Assets
\$5,000,000 and Over	0.80% of Assets

The fees described above may be for multiple account management services. Fees are negotiable under limited circumstances and may be billed directly from the client's brokerage account at the beginning of each quarter. A pro-rata formula based on a 92 day quarter is used when establishing a new account in the middle of the quarter or when additional funds are added to the managed account.

* MMA does not require a minimum net worth or asset level. However, new clients may be subject to a one-time set up fee of \$500.

MMA's investment advisory fee is negotiable at MMA's discretion, depending upon objective and subjective factors including but not limited to: the amount of assets to be managed; portfolio composition; the scope and complexity of the engagement; the anticipated number of meetings and servicing needs; related accounts; future earning capacity; anticipated future additional assets; the professional(s) rendering the service(s);

prior relationships with MMA and/or its representatives, and negotiations with the client. As a result of these factors, similarly situated clients could pay different fees, the services to be provided by MMA to any particular client could be available from other advisers at lower fees, and certain clients may have fees different than those specifically set forth above.

FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)

MMA may provide its clients with financial planning and consultation services, including general business consulting services. MMA will charge a fee (fixed fee and/or hourly) for these services, in certain instances through the use of independent contractor parties with whom MMA has entered into a contractual relationship. MMA's financial planning fees are negotiable, but generally range from \$500 to \$3,000 on a fixed fee basis and \$150 on an hourly basis, depending upon the level and scope of the services required and the professional(s) rendering the service(s). The fees for financial planning services may be waived by the investment advisory representative in certain circumstances. As the circumstances are specific to each financial planning client relationship, the investment advisory representative will make the determination as to whether or not fees will be charged after initial consultations with the client.

- B. MMA's advisory fee is deducted from the custodial account. Both MMA's *Investment Advisory Agreement* and the custodial/clearing agreement authorize the custodian to debit the account for the amount of MMA's investment advisory fee and to directly remit that management fee to MMA in compliance with regulatory procedures. In the limited event that MMA bills the client directly, payment is due upon receipt of MMA's invoice.
- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, MMA shall generally recommend that Charles Schwab & Co. Inc. ("*Schwab*") or Fidelity Investments ("*Fidelity*") serve as the broker-dealer/custodian for client investment management assets. *Schwab* and *Fidelity* charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity/debt securities transactions). In addition to MMA's investment management fee, brokerage commissions and/or transaction fees, the client will also incur, relative to all mutual fund purchases, charges imposed at the mutual fund level (e.g., management fees and other fund expenses).

Asset Based Pricing Limitations: MMA may recommend that its clients enter into an asset based pricing agreement with the account custodian. Under an asset based pricing arrangement, the amount that a client will pay the custodian for account commission/transaction fees is based upon a percentage (%) of the market value of your account, generally expressed in basis points. One basis point is equal to one one-hundredth of one percent (1/100th of 1%, or 0.01% (0.0001) (generally, the greater the market value, the lower the %)). This differs from transaction-based pricing, which assesses a separate commission/transaction fee against your account for each account transaction. Account investment decisions are driven by security selection and anticipated market conditions and not the amount of transaction fees payable by you to the account custodian. MMA does not receive any portion of the asset based transaction fees payable by you to the account custodian. MMA continues to believe that its clients can benefit from an asset based pricing arrangement. Clients can request at any time to switch from

asset based pricing to transactions based pricing, However, there can be no assurance that the volume of transactions will be consistent from year-to-year given changes in market events and security selection. Thus, given the variances in trading volume, any decision by you to switch to transaction based pricing could prove to be economically disadvantageous.

- D. MMA's annual investment advisory fee shall be prorated and paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter. For the initial billing period, the fee is pro-rated for the remainder of the quarter (if services commenced in the middle of a calendar quarter), this pro-rated fee is billed on the first business day of the month following the commencement of services.

The *Investment Advisory Agreement* between MMA and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Advisory Agreement*. Upon termination, MMA shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

- E. Neither MMA, nor its representatives accept compensation from the sale of securities or other investment products.

Item 6 Performance-Based Fees and Side-by-Side Management

Neither MMA nor any supervised person of MMA accepts performance-based fees.

Item 7 Types of Clients

MMA's clients shall generally include individuals, pension and profit sharing plans, business entities, trusts, and estates.

MMA provides investment and supervisory services on a continuous basis to clients based on an analysis of their financial condition, objectives, time horizon and investment aversions. The advisor specializes in portfolio construction and managing usually no-load mutual funds and Exchange Traded Funds (ETFs), but may use individual exchange listed equities, bonds and alternatives. Implementation of the Advisors strategies are accompanied by Limited Trading Authority over the client's Segregated brokerage account/s. There is no minimum net worth requirement. Clients choose from 9 risk categories (from 1 for low risk conservative to 9 for higher risk and aggressive). This will indicate potential short-term volatility client is willing to accept over a minimum market cycle of 3 years.

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

The following are methods of analysis that MMA and our Sub-Advisors, may use in providing investment advice.

Fundamental Value - A method of evaluating a security by attempting to measure the intrinsic value of a security by examining related economic, financial and other qualitative and quantitative factors. Fundamental Value analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of companies). The end goal of performing fundamental value analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security. If, in the opinion of our Sub-Advisor, the security is undervalued compared to its market price, and in the absence of other negative information, the security may consider for selection. In our opinion, this evaluation method, when used in conjunction with additional research, may provide an element of protection against significant loss of value. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks,

Fundamental Growth - A method of evaluating a security by attempting to measure the intrinsic growth potential of a security relative to the growth expectations already contained in the current price. The end goal of performing fundamental growth analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security. If, in our opinion, the security is undervalued compared to our expectation of growth, and in the absence of other negative information, we may consider the security for selection. In our opinion, this evaluation method, when used in conjunction with additional research, may provide an element of protection against significant loss of value. Fundamental analysis is about using real data to evaluate a security's value.

Asset Allocation— MMA believes that focusing on the sector, geographical region and asset class to which assets are allocated play a more significant role in the potential for portfolio performance than focusing on the merits of individual securities. Our cyclical analysis and our individual security analysis are the basis for our asset allocation decisions.

Diversification— In most cases, MMA will attempt to create comprehensively diversified portfolios as a means to reduce the risks associated with concentrated portfolios. Moreover, a variety of funds, including Exchange Traded Funds, may be used to further diversify investment risk. It should be noted that while diversification seeks to reduce risk, a properly diversified portfolio will normally contain positions which will perform at variance to other positions.

Active Management— During times where the economic and geopolitical news and outlook has the potential for dramatic change, MMA will actively manage portfolios in an attempt to benefit from, or protect against, those volatile movements. In general, our portfolios may not be suitable for investors who require a very low trading activity (buy-and-hold) through all market conditions.

Cyclical- Analyzes the investments sensitive to business cycles and whose performance is strongly tied to the overall economy. For example, cyclical companies tend to make products or provide services that are in lower demand during downturns in the economy and higher demand during upswings. Examples include the automobile, steel, and housing industries. The stock price of a cyclical company will often rise just before an economic upturn begins, and fall just before a downturn begins. Investors in cyclical stocks try to make the largest gains by buying the stock at the bottom of a business cycle, just before a turnaround begins.

Investment Strategies When Managing Assets and/or Providing Investment Advice

Under its asset management services, MMA has discretionary authority to hire/fire Sub-Advisor(s) who manage your designated accounts.

Clients must understand that past performance is not indicative of future results. Therefore, current and prospective clients (including you) should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. Clients and prospective clients should be prepared to bear investment loss including loss of original principal.

Our portfolios are designed for investors who are able to hold the investment for one or more years. Investors should be able to accept price volatility during this period, the level of which should match the stated risk tolerance of the respective investor.

Diversification cannot protect an investor from these fluctuations. The use of indexed funds is not fully guaranteed to track an intended market and may carry additional 'product' risks.

Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated when investing in securities through our investment management program.

Market Risk – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.

Equity (stock) market risk – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.

Company Risk. When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For

example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.

Fixed Income Risk. When investing in bonds, there is the risk that issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.

ETF and Mutual Fund Risk – When our Sub-Advisor invests in a an ETF or mutual fund, it will bear additional expenses based on its pro rata share of the ETFs or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. You will also incur brokerage costs when purchasing ETFs. The Sub-Advisor may, at its discretion, invest in leveraged ETFs which provide two or three times the exposure to a stated index or asset class. These ETFs may be held for periods longer than one week.

Management Risk – Your investment with our firm varies with the success and failure of our Sub-Advisor's investment strategies, research, analysis and determination of portfolio securities. If our Sub-Advisor's investment strategies do not produce the expected returns, the value of the investment will decrease.

Alternative Investments - Our portfolio holdings are typically traded on U.S. exchanges; however, Non-U.S. investments, currency and commodity investments may contain additional risks associated with government, economic, political or currency volatility.

Emerging Markets - Where justified by the investment analysis outlined above, investment either indirectly or directly in emerging markets may be included in a portfolio. Emerging markets can experience high volatility and risk in the short term.

Currently, MMA primarily allocates client investment assets among various Sub-Advisors that may use individual equity (stocks), debt (bonds), and fixed income securities, mutual funds and/or exchange traded funds ("ETFs") (including inverse ETFs and/or mutual funds that are designed to perform in an inverse relationship to certain market indices), on a discretionary basis in accordance with the client's designated investment objective(s).

Item 9 Disciplinary Information

Neither MMA nor any of its supervised persons have been the subject of a disciplinary action.

Item 10 Other Financial Industry Activities and Affiliations

- A. Neither MMA, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither MMA, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. **Licensed Insurance Agents.** MMA does not engage in the sale of fixed insurance products to advisory clients. MMA representatives, in their individual capacities, may be licensed insurance agents, and may recommend the purchase of certain insurance-related products on a commission basis. As referenced in Item 4.B above, clients can engage these insurance licensed, MMA representatives to purchase insurance products on a commission basis. Any activity by your investment adviser representative as an insurance agent selling fixed products is separate from and outside of his or her role on behalf MMA. You should understand the following:

- MMA does **not** serve as an insurance agency for your investment adviser representative to offer fixed insurance, fixed annuities or fixed indexed annuities;
- MMA does **not** conduct due diligence of the fixed insurance, fixed annuities or fixed indexed annuities offered by your investment adviser representative in his or her separate capacity as an insurance agent; and
- MMA does **not** review, approve nor supervise your investment adviser representative's recommendations as an insurance agent to hold, purchase or sell/surrender fixed insurance, fixed annuities or fixed indexed annuities.

Conflict of Interest: The recommendation by MMA's representatives that a client purchase an insurance commission product presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend insurance products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any insurance products from MMA's representatives. Clients are reminded that they may purchase insurance products recommended by MMA through other non-affiliated insurance agents.

- D. MMA does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

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

MMA maintains an investment policy relative to personal securities transactions. This investment policy is part of MMA's overall Code of Ethics, which serves to establish a standard of business conduct for all of MMA's representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, MMA also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by MMA or any person associated with MMA.

Neither MMA nor any related person of MMA recommends, buys, or sells for client accounts, securities in which MMA or any related person of MMA has a material financial interest.

MMA and/or representatives of MMA may buy or sell securities that are also recommended to clients. This practice may create a situation where MMA and/or representatives of MMA are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if MMA did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed prior to those of MMA clients) and other potentially abusive practices.

MMA has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of MMA "Access Persons." MMA securities transaction policy requires that an Access Person of MMA must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Access Persons are also required to provide a list of their outside brokerage accounts and set up each outside brokerage account to provide duplicate statements to MMA's Compliance Department. MMA's internal compliance reviews each confirmation of trade statement as well as each monthly report received from the Access Person's outside brokerage account(s). Additionally, each Access Person provides the Chief Compliance Officer or his/her designee with a written attestation confirming/identifying each one of the Access Person's current outside brokerage accounts.

MMA and/or representatives of MMA *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where MMA and/or representatives of MMA are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a conflict of interest. As indicated above in Item 11.C, MMA has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of MMA's Access Persons.

Item 12 Brokerage Practices

- A. In the event that the client requests that MMA recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct MMA to use a specific broker-dealer/custodian), MMA generally recommends that investment management accounts be maintained at *Schwab* or *Fidelity*. Prior to engaging MMA to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with MMA setting forth the terms and conditions under which MMA shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that MMA considers in recommending *Schwab* or *Fidelity* (or any other broker-dealer/custodian to clients) include historical relationship with MMA, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by MMA's clients shall comply with MMA 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 MMA determines, in good faith, that the commission/transaction fee 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 MMA will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, MMA's investment management fee. MMA's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

1. Research and Additional Benefits. Although not a material consideration when determining whether to recommend that a client use the services of a particular broker-dealer/custodian, MMA receives from *Schwab* or *Fidelity* (or another broker-dealer/custodian, investment platform or mutual fund sponsor) without cost (and/or at a discount) support services and/or products, certain of which assist MMA to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by MMA may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by MMA in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products received may assist MMA in managing and administering client accounts. Others do not directly provide such assistance, but rather assist MMA to manage and further develop its business enterprise.

There is no corresponding commitment made by MMA *Schwab* to *Fidelity* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

2. MMA does not receive referrals from broker-dealers.
 3. **Directed Brokerage:** The client may direct MMA to use a particular broker-dealer (subject to MMA's right to decline and/or terminate the engagement) to execute some or all transactions for the client's account. In such event, the client will negotiate terms and arrangements for the account with that broker-dealer, and MMA will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by MMA. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. In the event that the client directs MMA to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through MMA.
- B. To the extent that MMA provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless MMA decides to purchase or sell the same securities for several clients at approximately the same time. MMA may (but is not obligated to) combine or "bunch" such orders to seek best execution, to negotiate more favorable commission rates or to allocate equitably among MMA's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. MMA shall not receive any additional compensation or remuneration as a result of such aggregation.

Item 13 Review of Accounts

- A. For those clients to whom MMA provides investment supervisory services, account reviews are conducted on an ongoing basis by the client's investment advisor representative. All investment supervisory clients are advised that it remains their responsibility to advise their investment adviser representative and MMA of any changes in their investment objectives and/or financial situation. MMA encourages you to request a review with your investment adviser representative to discuss such things as account performance, changes in the client's investment objectives, goals, and financial situation, tax planning, estate planning, retirement planning and any other questions the client may have concerning their investment portfolio. If you only receive financial planning services from MMA, you may be charged a separate fee for meetings with your

investment adviser representative. You should read carefully the agreement with MMA to determine the amount of such separate fees, if any on an annual basis.

- B. MMA may conduct account reviews on an other-than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. MMA may also provide a written periodic report summarizing account activity and performance.

Item 14 Client Referrals and Other Compensation

- A. As referenced in Item 12 above, MMA receives an economic benefit from *Schwab* or *Fidelity*. MMA, without cost (and/or at a discount), receives support services and/or products from *Schwab* or *Fidelity*.

There is no corresponding commitment made by MMA to *Charles Schwab* or *Fidelity* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

- B. MMA does not currently compensate any non-related party for client introductions.

Item 15 Custody

MMA shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts.

The account custodian does not verify the accuracy of MMA's advisory fee calculation.

Item 16 Investment Discretion

The client can determine to engage MMA to provide investment advisory services on a discretionary basis. Prior to MMA assuming discretionary authority over a client's account, the client shall be required to execute an *Investment Advisory Agreement*, naming MMA as the client's attorney and agent in fact, granting MMA full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage MMA on a discretionary basis may, at any time, impose restrictions, in writing, on MMA's discretionary authority. (i.e. limit the types/amounts of particular

securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe MMA's use of margin, etc.).

Item 17 Voting Client Securities

Unless a client account is being sub-advised, the client shall be responsible for voting proxies and, the client shall maintain exclusive responsibility for all legal proceedings or other type events pertaining to the account assets, including, but not limited to, class action lawsuits.

Item 18 Financial Information

MMA does not solicit fees of more than \$1,200, per client, six months or more in advance.

MMA is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.

Money Managers Advisory has not been the subject of a bankruptcy petition.

ANY QUESTIONS: Money Manager's Chief Compliance Officer, Nancy Coutu, remains available to address any questions that a client or prospective client may have regarding any conflict of interest listed above.