



## Item 1 – COVER PAGE

### Form ADV Part 2A Firm Disclosure Brochure

March 2020

#### Corporate Headquarters

1111 Chapala Street, 3<sup>rd</sup> Floor

Santa Barbara, CA 93101

Phone: 805.882.2360

missionwealth.com

This brochure provides information about the qualification and business practices of Mission Wealth Management, LP (MWM). If you have any questions about the contents of this brochure, please contact our Chief Compliance Officer, Brad Stark, at (805) 882-2360. Additional information about MWM is available on the Internet at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov) by searching CRD #113057. Mission Wealth Management, LP, is a Registered Investment Advisor, registered with the United States Securities and Exchange Commission (SEC) under the Investment Advisers Act of 1940. This designation does not imply a certain level of skill or training. 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.



## ITEM 2 – MATERIAL CHANGES

Since our last annual updating amendment to this brochure filed on 03/21/2019, we have the following material changes to report:

- Kieran Osborne, Brian Sottak and Michelle Winkles have been made partners of the firm.
- Fidelity Brokerage Services (Fidelity) eliminated transaction fees for U.S. listed equities and exchange traded funds for clients who opt into electronic delivery of statements or maintain at least \$1 million in assets at Fidelity. Fidelity charge transaction fees for certain other types of securities as noted in their custodial agreement.
- Charles Schwab & Co., Inc. (Schwab) and TD Ameritrade, Inc. (TD Ameritrade) eliminated transaction fees for U.S. listed equities and exchange traded funds.
- We have established a custodial relationship with TD Ameritrade. Please see Items 12 and 14 for additional information.



## ITEM 3 – TABLE OF CONTENTS

### Table of Contents

Item 1 – Cover Page.....	1
ITEM 3 – TABLE OF CONTENTS.....	3
ITEM 4 – FIDUCIARY ADVISORY BUSINESS.....	4
ITEM 5 – ADVICE / SERVICE FEES AND COMPENSATION.....	6
ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT.....	8
ITEM 7 – TYPES OF CLIENTS & ACCOUNT REQUIREMENTS.....	8
ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES & RISK OF LOSS.....	8
ITEM 9 – DISCIPLINARY INFORMATION.....	9
ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS.....	9
ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING.....	10
ITEM 12 – CUSTODIAN / BROKERAGE PRACTICES.....	11
ITEM 13 – REVIEW OF ACCOUNTS.....	12
ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION.....	13
ITEM 15 – CUSTODY.....	15
ITEM 16 – INVESTMENT DISCRETION   NON-DISCRETION.....	16
ITEM 17 – NO VOTING OF CLIENT PROXY.....	17
ITEM 18 – FINANCIAL INFORMATION.....	17



## ITEM 4 – FIDUCIARY ADVISORY BUSINESS

Mission Wealth Management, LP (DBA Mission Wealth) is an SEC-registered investment adviser legally bound by the *fiduciary standard* when serving Clients. This means that we will always act in our Clients' best interest. To be specific, Mission Wealth makes the following commitments to our Clients:

1. We will always put our Clients' interests first – ahead of our own, that of our firm, and our employees. As defined by federal law, we will act as your fiduciary.
2. While neither we nor anyone can promise superior investment returns, we will provide impartial advice and act with skill, care, diligence and good judgment in the management of Clients' investment portfolios.

MWM was established in February 2000 and has eleven partners with Seth Streeter and Brad Stark as majority shareholders with the minority held by Matthew Adams, Geoffrey Gaggs, Andrew Penso, Dannell Stuart, Tricia Fahnoe, Steve Caltagirone, Brian Sottak, Kieran Osborne, and Michelle Winkles. MWM and our Client Advisors ("CAs") (those that at a minimum have a series 65 license or equivalent) provide a variety of Investment Advisory Services to Clients, including, but not limited to: personalized portfolio management (Investment services) and financial planning (Consulting services).

### **Services – Wealth / Investment Management and Financial Planning:**

We begin by gathering information about the Client's financial circumstances and goals. We then assist in determining objectives. MWM then makes financial, investment and asset allocation recommendations in accordance with the objectives. Portfolios may include many types of investments including, but not limited to the following which may include both domestic and foreign allocations:

- Exchange Traded Funds (ETFs)
- Institutional Mutual Funds
- Dimensional Funds (DFA)
- Multi-Managed Funds
- Common and Preferred Stocks
- Corporate and Government Bonds
- Social Values / Socially Responsible (SRI)
- Municipal Tax-Free Bonds
- Certificate of Deposits (CD's) and Cash Instruments
- Variable Insurance Contracts
- Existing Client Holdings
- Alternative Investments (Public and Private)



- Sector Funds
- Interval Funds
- Hedge Funds
- Short Funds
- Unit Investment Trusts
- Hedging Strategies
- Stock Exchange Fund
- Private Equity / Private Debt
- Limited Partnerships Trading Strategies / Options

Customized Approach: MWM first analyzes the Client's financial situation and investment objectives. Services are tailored to the individual needs of Clients based upon goals, income needs, risk tolerance and tax status to name a few. Clients may impose restrictions. MWM then determines the most appropriate platform and investments that best match the objectives. Once the Client agrees with the recommendations, MWM implements the portfolio.

MWM never holds Client money (we do not have custody, all Client funds are held directly with the Custodian, in each Client's own segregated account under their social security number). MWM will assist the Client to establish individual accounts in their name primarily at Fidelity, Schwab or TD Ameritrade ("Custodian"). The Custodian holds the Client's funds and transactions are completed at the request of MWM on behalf of the Client. See specific paperwork for details regarding the Custodian and the services they offer to the Client.

MWM has discretion on all accounts except on 401(k) plans and those accounts as agreed upon (Non-Discretionary relationships are a choice for Client's). MWM generally recommends long-term investment strategies. Short-term investment strategies may be used to accommodate certain circumstances. There is no assurance that a Client's investment objectives will be achieved, and past performance does not guarantee future results.

Services provided depend largely on the information provided by the Client. To provide appropriate recommendations and implementation for the Client, it is very important that the Client provide accurate and complete responses to the questions asked, as well as inform MWM of any changes in the Client's investment objectives and personal circumstances. MWM will periodically send each Client a reminder to notify MWM of any changes. Clients are assigned a Client Advisor ("CA") who is responsible for delivering advisory services, and dealing with matters relating to their accounts.

MWM may provide consultation services involving the analysis of a particular investment or financial situation. This generally takes the form of a financial plan but may just focus on a topic such as



Retirement Planning, Estate and Legacy Planning, College Planning, Cash Flow Analysis, Corporate Benefit Reviews, Seminars, Fiduciary Compliance Work, Expert Witness Reports and/or testimony or Analysis regarding investment of lump sum distributions from employer pension, profit sharing plans and the like.

In preparing a financial plan for a Client, MWM gathers information through personal interviews and document requests.

Should a Client implement the recommendations contained in the financial plan, MWM suggests that the Client work closely with his or her attorney and/or accountant and share the recommendations. Consulting Services may be charged on an hourly basis or as a flat fee but are usually covered under the Investment Advisory Fee for Clients that have assets under our management.

MWM does not participate in wrap fee programs.

**Assets under Management as of 12/31/19:**

Discretionary:	\$2,258,163,000
Non-Discretionary:	\$ 317,538,000
Total:	\$2,575,701,000

## ITEM 5 – ADVICE / SERVICE FEES AND COMPENSATION

ASSETS MANAGED	FEE PERCENTAGE
First \$2,000,000	1.00%
From \$2,000,000 - \$4,000,000	0.80%
From \$4,000,000 - \$7,000,000	0.60%
From \$7,000,000 – \$10,000,000	0.50%
From \$10,000,000 - \$15,000,000	0.45%
Over \$15,000,000	0.40%

Service charges are calculated on the gross fair market value of the assets (excluding Margin unless Margin is used to purchase additional securities) in the Client's advisory account(s) at quarter end. Annualized fees are billed on a pro-rata basis quarterly in arrears based on the value of the account(s) on the last day of the previous quarter. Fees are negotiable and will be deducted from client account(s). Adjustments will be made for deposits and withdrawals during the quarter. As part of this process, the client's custodian sends statements at least quarterly showing the market values for each security included in the Assets and all account disbursements, including the amount of the advisory fees paid to



our firm. Clients will provide authorization permitting our firm to be directly paid by these terms. Our firm will send an invoice directly to the custodian.

Bills for past services are directly debited from Clients' custodial accounts on a quarterly basis. For example, fees calculated on 12/31 are for services rendered from 10/1 to 12/31. Clients may pay fees other than those listed that are based on schedules in effect prior to their becoming Clients of MWM or on schedules no longer in effect for new MWM Clients or as agreed upon. Billing is based upon uploaded price files and securities as reported by the Custodian. We believe the information to be accurate but we do not guarantee it as transaction posting may be postponed into another time period due to settlement variances (i.e. dividends, specific security transactions). Client can compare the accuracy of MWM reports to the custodial statements.

Client pays for transaction charges, if any, as outlined by each Custodian. Each Client will receive an investment statement that will show the amount of the charges for the period. Further information regarding the fees for each Custodian will be furnished upon request and schedules by the custodian are subject to change. Charles Schwab & Co., Inc. ("Schwab") and TD Ameritrade, Inc. ("TD Ameritrade"), do not charge transaction fees for U.S. listed equities and exchange traded funds. Fidelity Brokerage Services ("Fidelity") eliminated transaction fees for U.S. listed equities and exchange traded funds for clients who opt into electronic delivery of statements or maintain at least \$1 million in assets at Fidelity. Clients who do not meet either criteria will be subject to transaction fees charged by Fidelity for U.S. listed equities and exchange traded funds.

When assets are invested in mutual funds, hedge funds, ETFs, Third Party Managers or the like, Clients will pay both the direct management fee to MWM for its services in connection with these investments and, indirectly, their pro-rata share of the management and other fees of the product or service. A Client may be able to invest directly in the product without incurring the fees charged by MWM which may or may not be the same share class (i.e. institutional class). Fee details are found in the prospectus. For assets held at Schwab, TD or Fidelity, the sole compensation that MWM receives comes via the advisory fee charged to the Client. Clients should note that they are under no obligation to purchase any investment products through MWM. Clients have the option to purchase recommended investments through other brokers or unaffiliated agents at a higher or lower cost.

Client may terminate their account without penalty within 5 business days of signing their advisory contract. Refunds are not applicable since advisory fees are billed in arrears and nothing has been collected. For consulting contracts, a pro-rata refund on unfinished work will be subject to a refund if applicable. Fees are not collected in advance for services exceeding six months.

Our firm and representatives do not sell securities for a commission in advisory accounts.



## ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

MWM does not charge or accept "performance fees" – that is, fees based on a share of capital gains or on capital appreciation of the assets of a Client. We view performance fees for MWM as a serious conflict of interest in our role.

## ITEM 7 – TYPES OF CLIENTS & ACCOUNT REQUIREMENTS

MWM generally provides investment advice to affluent individuals/families, pension/profit sharing plans, trusts/estates/charitable organizations, with investible assets of \$1,000,000+. Our firm does not impose requirements for opening and maintaining accounts or otherwise engaging us.

## ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES & RISK OF LOSS

MWM offers advice on the following but not limited to: equity securities (exchange-listed securities, securities traded over-the-counter and foreign issuers), corporate debt securities, certificates of deposit, alternative investments including hedge funds, municipal securities, mutual funds, interval funds, exchange traded funds (ETF's), interval fund, investment company securities (variable life insurance, variable annuities, mutual fund shares), U.S. government securities, options contracts on securities, MLP's and partnership interests investing in real estate and oil & gas interests, to name a few. MWM may use private investments (typically hedge funds, direct debt, real estate, alternatives) which require the investor to be "accredited" or "qualified."

MWM security analysis methods may include charting, fundamental analysis, technical analysis, third party analysis, economic and cyclical analysis. MWM may also utilize "demographic" research provided by external third-party sources.

Sources of information MWM uses may include but not limited to Bloomberg, FactSet, financial newspapers and magazines, inspections of corporate activities, research materials prepared by others (third party analysis including but not limited to Goldman Sachs, JP Morgan, Fidelity, Schwab, PIMCO, DFA, CAIS and others), corporate ratings services, and company filings including annual reports, prospectuses, SEC filings and press releases.

MWM uses the following investment strategies to implement any investment advice given to Clients: long term purchases (securities held at least a year) and short-term purchases (securities sold within a year). Additionally, MWM may utilize additional investment strategies which may include but are not





limited to: Forward contracts, Collars, Options, Hedge Funds, Private Funds, 40 Act Leverage Products and/or Short Funds.

The risk to any analysis is the data is flawed, assumptions are wrong and the realization that the world is full of surprises. We reduce this risk by using multiple sources of data and diversifying portfolios. In regard to strategy, another risk is natural disasters, human actions, geo political, epidemics, etc.). Historical return, volatility and correlation data often used as the base for assumption and risk planning may not materialize in a similar way in the future.

Our primary securities are ETFs, mutual funds, institutional funds and individual securities. For ETFs and mutual funds, the primary risks are market or "systematic" risk. For bonds and individual securities, the risks are the same with the addition of unsystematic risk (i.e. potential default) and specific to bonds, interest rate risk.

Investing in securities involves risk of loss that Clients should be prepared to bear. While the stock market may increase and the account(s) could appreciate, it is also possible that the stock/financial markets may decrease and the account(s) could lose value. It is important that Clients understand the risks associated with investing in the stock market, are appropriately diversified in investments, and ask any questions.

## ITEM 9 – DISCIPLINARY INFORMATION

There are no legal or disciplinary events which are material to a Client or prospective Client's evaluation of MWM's advisory business or the integrity of our management.

There are no administrative proceedings before the SEC, federal regulatory agency, state regulatory agency or any foreign financial regulatory authority involving MWM. There are no self-regulatory organization (SRO) proceedings against MWM.

## ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

MWM and its CAs may also be licensed to sell insurance products (California License #0D35068). Approximately less than 1% of their time is spent in connection with these activities. Mr. Gaggs is individually registered with Mutual Securities, Inc., member FINRA/SIPC. The types of securities offered by Mr. Gaggs are those not available through MWM's preferred platform or any CA except Mr. Gaggs. Since this may generate customary commissions for him, an incentive to recommend products based on the compensation earned is a potential conflict of interest. To mitigate this potential MWM and its CAs will put the Clients' best interest before those of their own. The Mutual Security platform has long been



an accommodation for new clients who bring over legacy assets that can't be held at our preferred Custodians and thus require a different broker dealer (i.e. a variable annuity purchased long ago that needs to be kept). Or a rare transaction need where Schwab, Fidelity or TD Ameritrade can't accommodate the specific request.

## ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

MWM has a duty of utmost good faith to act solely in the best interests of each of our Clients (Fiduciary). Clients entrust MWM with their funds, which in turn places a high standard on our conduct and integrity. Our duty compels all employees to act with the utmost integrity in all our dealings. This duty is the core principle underlying our Code of Ethics and Personal Trading Policy, and represents the expected basis of all our dealings with our Clients. A complete copy of our Code of Ethics will be provided upon request.

We view the creation, selling and financial participation of proprietary funds as a serious conflict of interest. As such, MWM has no material financial interest in the recommended securities presented to Clients.

CAs may buy or sell for themselves securities that MWM recommends to Clients. Although personal security transactions may be made by CAs for their own account(s) without specific disclosure to the Client, such transactions will not be effected when they are adverse to the Client's interests. All transactions are governed by MWM policies.

Outside of the rebalancing process, employees are expected to purchase or sell a security for their personal accounts only after trading of that same security has been completed in Client accounts. Personal accounts of the employee include all accounts for family members living within the employee's household and accounts over which the employee has authority even though the account owner does not live within the same household as the employee.

Any employee contemplating a trade to the contrary must consult with the CCO or CIO before conducting his or her personal trade.

It is the employee's responsibility to know which securities are being traded by the firm. The employee may consult with the CCO or CIO to determine whether a security is an appropriate purchase by the employee.



MWM performs regular reviews of employee personal securities trading to ensure compliance with MWM policies.

## ITEM 12 – CUSTODIAN / BROKERAGE PRACTICES

We recommend a custodian/broker-dealer (typically Fidelity, Schwab, or TD Ameritrade) who will hold your assets and execute transactions on terms that are overall advantageous. In seeking best execution, we consider a wide range of factors in determining a recommendation, including, but not limited to:

- Timeliness of execution
- Timeliness and accuracy of trade confirmations
- Research services provided
- Ability to provide investment ideas
- Execution facilitation services provided
- Record keeping services provided
- Custody services provided
- Frequency and correction of trading errors
- Ability to access a variety of market venues
- Expertise as it relates to specific securities or transactions
- Business reputation
- Good service

With this in consideration, our firm has arrangements with Fidelity Brokerage Services LLC ("Fidelity"), Charles Schwab & Co., Inc. ("Schwab"), and TD Ameritrade, Inc. ("TD Ameritrade"). We participate in Fidelity's WAS® and SAN programs. Please see the disclosure under Item 14 of this Brochure.

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, Client/investor service, online access and responsiveness to name a few.

### **Soft Dollars – None Accepted**

Our firm does not accept products or services that do not qualify for Safe Harbor outlined in Section 28(e) of the Securities Exchange Act of 1934, such as those services that do not aid in investment decision-making or trade execution. We do not direct Client transactions to a particular broker-dealer in return for soft dollar benefits.

### **Client Brokerage Commissions – No Financial Participation**

If a commission exists, we do not financially participate in those fees or markups or markdowns. Mission has an incentive to use lower fee services which also benefits the Client. Our firm does not receive brokerage payments for Client referrals.



### **Directed Brokerage**

We routinely recommend that a Client directs us to execute through a specified broker-dealer. Our firm recommends the use of Schwab, Fidelity, or TD Ameritrade. Each Client will be required to establish their account(s) with a recommended custodian if not already done.

### **Prime Brokerage – Ability to Shop for Better Pricing**

In certain instances, we may determine that it would be in the Client's best interest to direct the Clients' trades to a specific dealer (i.e. we can buy a bond at a better price at another dealer "away" from the main custodian). When directing trades away from the custodian, we do not receive payouts on mark-ups for such trades in advisory accounts. This is done solely for the Client's benefit in an attempt to receive better pricing.

We participate in prime brokerage services approved by Schwab, Fidelity, and TD Ameritrade and we have developed a network of bond traders. We use this service path when there is a clear advantage to the Client. The chosen dealer will clear our prime brokerage transactions established in the name of Schwab, Fidelity, or TD Ameritrade and designated for our Client account holders to the account allocation established at our master account at Schwab, Fidelity, or TD Ameritrade.

Pursuant to the prime brokerage services agreement with Schwab, Fidelity, and TD Ameritrade, we will transmit to the custodian all the details of each prime brokerage transaction to be cleared for our account, including, but not limited to, the contract amount, the security involved, the number of shares or number of units, and whether the transaction was a long or short sale or a purchase.

### **Aggregation of Purchase or Sale (Block Trades)**

There are occasions where "Block Trades" could take place. This pertains to the same security being purchased or sold on behalf of numerous Clients at the same time. The trade allocation of such a transaction will be done on a prorate basis, with each participating Client receiving the same price as the others partaking in the transaction so all are treated equally.

## **ITEM 13 – REVIEW OF ACCOUNTS**

MWM typically reviews its Client portfolios quarterly for conformity with the respective investment objectives. Financial plans are typically reviewed annually. MWM also regularly examines investment results for a variety of time periods. Reviews are completed by CAs and/or the Investment Department.

Monthly account statements are provided directly by the custodian who reports holdings and activities. Quarterly performance reports are generated as well from MWM on Schwab and Fidelity accounts.



## ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

MWM participates in the Fidelity Wealth Advisor Solutions® Program (the “WAS Program”), through which MWM receives referrals from Fidelity Personal and Workplace Advisors LLC (FPWA), a registered investment adviser and Fidelity Investments company. MWM is independent and not affiliated with FPWA or any Fidelity Investments company. FPWA does not supervise or control MWM, and FPWA has no responsibility or oversight for MWM’s provision of investment management or other advisory services.

Under the WAS Program, FPWA acts as a solicitor for MWM, and MWM pays referral fees to FPWA for each referral received based on MWM’s assets under management attributable to each client referred by FPWA or members of each client’s household. The WAS Program is designed to help investors find an independent investment advisor, and any referral from FPWA to MWM does not constitute a recommendation or endorsement by FPWA of MWM’s particular investment management services or strategies. More specifically, MWM pays the following amounts to FPWA for referrals: the sum of (i) an annual percentage of 0.10% of any and all assets in client accounts where such assets are identified as “fixed income” assets by FPWA and (ii) an annual percentage of 0.25% of all other assets held in client accounts. In addition, MWM has agreed to pay FPWA a minimum annual fee amount in connection with its participation in the WAS Program. These referral fees are paid by MWM and not the client.

To receive referrals from the WAS Program, MWM must meet certain minimum participation criteria, but Advisor may have been selected for participation in the WAS Program as a result of its other business relationships with FPWA and its affiliates, including Fidelity Brokerage Services, LLC (“FBS”). As a result of its participation in the WAS Program, MWM may have a potential conflict of interest with respect to its decision to use certain affiliates of FPWA, including FBS, for execution, custody and clearing for certain client accounts, and Advisor may have a potential incentive to suggest the use of FBS and its affiliates to its advisory clients, whether or not those clients were referred to MWM as part of the WAS Program. Under an agreement with FPWA, MWM has agreed that Advisor will not charge clients more than the standard range of advisory fees disclosed in its Form ADV 2A Brochure to cover solicitation fees paid to FPWA as part of the WAS Program. Pursuant to these arrangements, MWM has agreed not to solicit clients to transfer their brokerage accounts from affiliates of FPWA or establish brokerage accounts at other custodians for referred clients other than when MWM’s fiduciary duties would so require, and Advisor has agreed to pay FPWA a one-time fee equal to 0.75% of the assets in a client account that is transferred from FPWA’s affiliates to another custodian; therefore, MWM may have an incentive to suggest that referred clients and their household members maintain custody of their accounts with affiliates of FPWA. However, participation in the WAS Program does not limit MWM’s duty to select brokers on the basis of best execution.



MWM receives Client referrals from Charles Schwab & Co., Inc. through MWM's participation in Schwab Advisor Network ("the Service"). The Service is designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with MWM.

"The Schwab Advisor Network includes approximately 200 prescreened independent advisory firms nationwide. All advisors are prescreened on criteria such as investment management experience, amount of assets managed, and professional education. Advisors have an average of 20 years of experience. Many hold a professional designation such as CERTIFIED FINANCIAL PLANNER™, Chartered Financial Analyst®, or Certified Public Accountant."

MWM may pay Schwab a Participation Fee on all referred Clients accounts that are maintained in custody at Schwab and Non-Schwab Custody Fee on all accounts that are transferred to another custodian. The Participation Fee paid by MWM is a percentage of the value of the assets in the Client's account. MWM pays Schwab the Participation Fee for so long as the referred Client's account remains in custody at Schwab. The Participation Fee is billed to MWM quarterly and may be increased, decreased or waived by Schwab from time to time. The Participation Fee is paid by MWM and not by the Client. MWM has agreed not to charge Clients referred through the Service fees or costs greater than the fees or costs MWM charges Clients with similar portfolios that were not referred through the Service.

As part of the participation in the SAN® and WAS® programs, MWM has an incentive to maintain referred Client assets of Schwab at Schwab and referred Client assets of Fidelity at Fidelity. This may be perceived as a potential conflict of interest; however, Schwab and Fidelity have been our two preferred custodians for Client accounts regardless of source. We entered into custodian relationships with Schwab and Fidelity for our Client accounts prior to being asked to join the SAN® and WAS® programs. The SAN® and WAS® programs were designed by Schwab and Fidelity in an effort to help their Clients connect with a firm such as MWM where our services are thought to be of benefit. MWM maintains a "best execution" responsibility with all our Clients, regardless of source. We have reviewed this potential conflict of interest and believe it is in the best interests of Clients to participate in the SAN® and WAS® programs.

Irrespective of direct or indirect benefits to our Client through Schwab, we strive to enhance your experience, help you reach your goals and put your interests before that of our firm or its associated persons.

From time to time, vendors may sponsor events such as continuing education, economic/investment conferences, speakers' series or social events. Vendors may sponsor none, part or all of the costs associated for such events that may include travel, lodging and event content. From time to time,



personnel invitations for business entertainment such as a meal, a round of golf, sporting event or a charity event invitation may be extended for example. MWM may pay referral fees to other parties for referrals and if such an affiliation exists, the Client will be made aware of the relationship. MWM charges the same fee to Clients either referred or not referred regardless of source.

Our firm pays referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm in accordance with Rule 206 (4)-3 of the Investment Advisers Act of 1940. Such referral fee represents a share of our investment advisory fee charged to our clients. This arrangement will not result in higher costs to the referred client. In this regard, our firm maintains Solicitors Agreements in compliance with Rule 206 (4)-3 of the Investment Advisers Act of 1940. All clients referred by Solicitors to our firm will be given full written disclosure describing the terms and fee arrangements between our firm and Solicitor(s). In cases where state law requires licensure of solicitors, our firm ensures that no solicitation fees are paid unless the solicitor is registered as an investment adviser representative of our firm. If our firm is paying solicitation fees to another registered investment adviser, the licensure of individuals is the other firm's responsibility.

Our Custodians all offer other services intended to help us manage and further develop our business enterprise. These services may include:

- Educational conferences and events;
- Technology, compliance, legal, and business consulting;
- Publications and conferences on practice management and business succession; and
- Access to employee benefits providers, human capital consultants and insurance providers.

Some may provide these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Custodians may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. On occasion they may also provide us with other benefits such as business entertainment of our personnel.

## ITEM 15 – CUSTODY

Our firm does not have custody of Client funds or securities. Since we request that Schwab, Fidelity, or TD Ameritrade deduct our fees from Clients' accounts, we ensure that all of our Clients receive account statements directly from Schwab, Fidelity, or TD Ameritrade at least quarterly upon opening of an account.

The SEC issued a no-action letter ("Letter") with respect to the Rule 206(4)-2 ("Custody Rule") under the Investment Advisers Act of 1940 ("Advisers Act"). The letter provided guidance on the Custody Rule as



well as clarified that an adviser who has the power to disburse Client funds to a third party under a standing letter of instruction (“SLOA”) is deemed to have custody. As such, our firm has adopted the following safeguards in conjunction with our custodians:

- The Client provides an instruction to the qualified custodian, in writing, that includes the Client’s signature, the third party’s name, and either the third party’s address or the third party’s account number at a custodian to which the transfer should be directed.
- The Client authorizes the investment adviser, in writing, either on the qualified custodian’s form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
- The Client’s qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the Client’s authorization, and provides a transfer of funds notice to the Client promptly after each transfer.
- The Client has the ability to terminate or change the instruction to the Client’s qualified custodian.
- The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the Client’s instruction.
- The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
- The Client’s qualified custodian sends the Client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

## ITEM 16 – INVESTMENT DISCRETION | NON-DISCRETION

Clients are typically offered portfolio choices of various risk tolerances. Clients are generally allowed to customize the allocation. When it comes to management, MWM has discretionary authority over Client accounts unless specifically noted (or unless an ERISA account such as a 401k). Clients can also opt for a non-discretionary relationship via our agreement.

Clients can but rarely impose limitations on authority. If so, it usually pertains to certain securities, legacy holdings, tax considerations or industries they don't want to invest in or requesting a conversation prior to a trade. To assume authority, Clients sign the new account form and MWM Assets Advisory Agreement along with custodian account paperwork granting trading authority which can take the form of a Limited Power of Attorney.





## ITEM 17 – NO VOTING OF CLIENT PROXY

MWM does not have the authority to vote Client securities.

## ITEM 18 – FINANCIAL INFORMATION

Our firm is not required to provide financial information in this Brochure because:

MWM does not solicit prepayment for services exceeding \$1,200 when services cannot be rendered within six months.

MWM does not have a financial condition or commitment that impairs our ability to meet contractual and fiduciary obligations to clients.

MWM has never been the subject of a bankruptcy proceeding.