

# MacAllaster Pitfield Mackay Inc

## Part 2A of Form ADV: Firm Brochure

September 2020

This brochure provides information about the qualifications and business practices of MacAllaster Pitfield Mackay Inc. (hereinafter "**MPM**" or the "Firm"). If you have any questions about the contents of this brochure, please contact the Firm at the telephone number listed below. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. Additional information about the Firm is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). MPM is an SEC registered investment adviser. Registration does not imply any level of skill or training.

30 Broad Street 4th Floor, New York, NY 10004 212-422-9250

## Item 2 Material Changes

In this item, MPM is required to discuss any material changes that have been made to the brochure since the last amendment filed in 2019. There are no such material changes to disclose.

in

Item 3 Table of Contents

Item 4 Advisory Business

Item 5 Fees and Compensation

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

Item 7 Types of Clients

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

Item 9 Disciplinary Information

Item 10 Other Financial Industry Activities and Affiliations

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

Item 12 Brokerage Practices

Item 13 Review of Accounts

Item 14 Client Referrals and Other Compensation

Item 15 Custody

Item 16 Investment Discretion

Item 17 Voting Client Securities

Item 18 Financial Information

## Item 4 Advisory Business

MPM offers a variety of advisory services, which include, financial planning, consulting and investment management services. Prior to the rendering of any of the foregoing advisory services, clients are required to enter into one or more written agreements with MPM setting forth the relevant terms and conditions of the advisory relationship (the "Agreement").

MPM is wholly owned by David MacAllaster. As of June 30, 2020 MPM had \$132,094,499 in assets under management, \$122,124,671 of which were managed on a discretionary basis and \$9,969,828 were managed on a non-discretionary basis.

While this brochure generally describes the business of MPM, certain sections also discuss the activities of its Supervised Persons, which refer to the Firm's officers, partners, directors (or other persons occupying a similar status or performing similar functions, employees or any other person who provides investment advice on MPM's behalf and is subject to the Firm's supervision or control.

### **Financial Planning and Consulting Services**

MPM offers clients a range of financial planning and consulting services, which may include any or all of the following functions:

Business Planning

Cash Flow Forecasting

Asset Allocation

Retirement Planning

Estate Planning

Financial Reporting

Investment Consulting

Insurance Needs Analysis

Retirement Plan Analysis

Charitable Giving

## Risk Management

### Distribution Planning

In performing these services, MPM is not required to verify any information received from the client or from the client's other professionals (e.g., attorneys, accountants, etc.) and is expressly authorized to rely on such information.

MPM may recommend the services of itself or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if clients engage MPM to provide additional fee-based services. Clients retain absolute discretion over all decisions regarding implementation and are under no obligation to act upon any of the recommendations made by MPM under a financial planning or consulting engagement or to engage the services of any such recommended professionals, including MPM itself. Clients are advised that it remains their responsibility to promptly notify the Firm of any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising MPM's previous recommendations and/or services.

### **Investment Management Services**

MPM manages client investment portfolios on a discretionary or non-discretionary basis.

MPM primarily allocates client assets among various individual equity securities, but will occasionally employ mutual funds, exchange-traded funds ("ETFs") and bonds, in accordance with the investment objectives of its individual clients. In addition, MPM may also recommend that clients who qualify as accredited investors, as defined by Rule 501 of the Securities Act of 1933, invest in privately placed securities, which may include debt, equity and/or interests in pooled investment vehicles (e.g., hedge funds). Where appropriate, the Firm may also provide advice about any type of legacy position or other investment held in client portfolios.

Clients may also engage MPM to advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts and assets held in employer sponsored

retirement plans and qualified tuition plans (i.e., 529 plans). In these situations, MPM directs or recommends the allocation of client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company or the custodian designated by the product's provider.

MPM tailors its advisory services to meet the needs of its individual clients and continuously seeks to ensure that client portfolios are managed in a manner consistent with their specific investment profiles. MPM consults with clients on an initial and ongoing basis to determine their specific risk tolerance, time horizon, liquidity constraints and other qualitative factors relevant to the management of their portfolios. Clients are advised to promptly notify MPM if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients may impose reasonable restrictions or mandates on the management of their accounts if MPM determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm's management efforts.

Only David MacAllaster manages the portfolios of clients.

David MacAllaster - Born 1958. A.B Dartmouth College 1980, MBA Amos Tuck School of Business Administration at Dartmouth College 1985. Elected President of MacAllaster Pitfield Mackay Inc. in 1987.

Mr. MacAllaster has no disciplinary history on his record nor any derogatory information of any kind such as bankruptcies, tax liens, legal or civil engagements, etc.

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

MPM offers its services on a fee basis, which may include hourly and/or fixed fees, as well as fees based upon assets under management or advisement.

### **Financial Planning and Consulting Fees**

MPM generally charges either a negotiable hourly and/or fixed fee to provide clients with stand-alone financial planning or consulting services. These fees are largely determined by the scope and complexity of the agreed upon services.

The specific terms and fee structure are negotiated in advance and set forth in the Agreement with MPM. Generally, MPM requires one-half of the financial planning or consulting fee payable upon execution of the Agreement and the balance due at the time the financial plan is delivered or the underlying services are rendered to completion, not to exceed six months. If the client engages MPM for additional investment advisory services, MPM may offset all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services.

### **Investment Management Fees**

MPM provides investment management services for an annual fee based on the amount of assets under the Firm's management. The fee varies based on the following fee schedule:

<b>Portfolio Value</b>	<b>Annual Fee</b>
First \$2,000,000	1.25%
Next \$3,000,000	1.00%
Next \$5,000,000	0.75%
Over \$10,000,000	0.50%

The annual fee is prorated and charged quarterly, in arrears, based upon the market value of the assets being managed by MPM on the last day of the previous billing period.

For the initial period of an engagement, the fee is calculated on a pro rata basis. In the event the Agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding balance is charged to the client, as appropriate.

## **Fee Discretion**

MPM, in its sole discretion, may negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client relationship, account retention and pro bono activities.

## **Additional Fees and Expenses**

In addition to the advisory fees paid to MPM, clients may also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively "Financial Institutions"). These additional charges may include securities brokerage (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees and other fees and taxes on brokerage accounts and securities transactions. The Firm's brokerage practices are described at length in Item 12, below.

## **Fee Debit**

Clients generally provide MPM with the authority to directly debit their accounts for payment of the Firm's investment advisory fees. The Financial Institutions that act as qualified custodian for client accounts have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to MPM.

## **Account Additions and Withdrawals**

Clients may make additions to and withdrawals from their account at any time, subject to MPM's right to terminate an account. Additions may be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Clients may withdraw account assets on notice to MPM, subject to the usual and customary securities settlement procedures. However, MPM designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's



investment objectives. MPM may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, fees assessed at the mutual fund level (i.e., contingent deferred sales charge) and/or tax ramifications.

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

MPM does not provide any services for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets).

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

MPM provides its services to individuals, pension and profit sharing plans, charitable organizations, corporations and other business entities.

#### **No Minimum Account Requirements**

MPM does not impose a stated minimum fee or minimum portfolio value for starting and maintaining an investment management relationship.

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

##### **Methods of Analysis**

MPM primarily utilizes fundamental methods of analysis. Fundamental analysis involves an evaluation of the fundamental financial condition and competitive position of a particular fund or issuer. For MPM, this process typically involves an analysis of an issuer's management team, investment strategies, style drift, past performance, reputation and financial strength in relation to the asset class concentrations and risk exposures of the Firm's model asset allocations. A substantial risk in relying upon fundamental analysis is that while the overall health and position of a company may be good, evolving market conditions may negatively impact the security.

##### **Investment Strategies**

MPM employs an asset allocation strategy that is consistent with each client's unique investment profile. Primarily through the use of stocks, the Firm seeks to construct individualized portfolios that produce

long-term, risk-adjusted returns with limited short-term volatility.

## **Risks of Loss**

### *General Risk of Loss*

Investing in securities involves the risk of loss. Clients should be prepared to bear potential losses.

### *Market Risks*

The profitability of a significant portion of MPM's recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that MPM will be able to predict those price movements accurately.

### *Mutual Funds and ETFs*

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at premium or discount to actual NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated

prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 20,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

#### Item 9 Disciplinary Information

MPM has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of its management.

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

MacAllaster Investment Partners LP(the "Private Fund") was closed at 2016 year end.

#### Item 11 Code of Ethics

MPM has adopted a code of ethics in compliance with applicable securities laws ("Code of Ethics") that sets forth the standards of conduct expected of its Supervised Persons. MPM's Code of Ethics contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information by the Firm or any of its Supervised Persons and the trading by the same of securities ahead of clients in order to take advantage of pending orders.

The Code of Ethics also requires certain of MPM's personnel to report their personal securities holdings and transactions and obtain pre-approval of certain investments (e.g., initial public offerings, limited offerings). However, the Firm's Supervised Persons are permitted to buy or sell securities that it also recommends to clients if done in a fair and equitable manner that is consistent with the Firm's policies and procedures. This Code of Ethics has been established recognizing that some securities trade in sufficiently

broad markets to permit transactions by certain personnel to be completed without any appreciable impact on the markets of such securities. Therefore, under limited circumstances, exceptions may be made to the policies stated below.

When the Firm is engaging in or considering a transaction in any security on behalf of a client, no Supervised Person will access to this information may knowingly effect for themselves or for their immediate family (i.e., spouse, minor children and adults living in the same household) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the Supervised Person is completed as part of a batch trade with clients; or
- a decision has been made not to engage in the transaction for the client.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares of mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Clients and prospective clients may contact MPM to request a copy of its Code of Ethics.

### Item 12 Brokerage Practices

MPM generally recommends that clients utilize the custody, brokerage and clearing services of Pershing Advisor Solutions ("Pershing") for investment management accounts.

Factors which MPM considers in recommending Pershing or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. Pershing may enable

the Firm to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by Pershing may be higher or lower than those charged by other Financial Institutions.

The commissions paid by MPM's clients to Pershing comply with the Firm's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified Financial Institution might charge to effect the same transaction where MPM determines that the commissions are 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 Financial Institution's services, including among others, the value of research provided, execution capability, commission rates and responsiveness. MPM seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker/dealers in return for investment research products and/or services which assist MPM in its investment decision-making process. Such research generally will be used to service all of the Firm's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because MPM does not have to produce or pay for the products or services.

MPM periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution.

#### Software and Support Provided by Financial Institutions

MPM may receive without cost from Pershing computer software and related systems support, which allow MPM to better monitor client accounts maintained at Pershing. MPM may receive the software and related support

without cost because the Firm renders investment management services to clients that maintain assets at Pershing. The software and support is not provided in connection with securities transactions of clients (i.e., not "soft dollars"). The software and related systems support may benefit MPM, but not its clients directly. In fulfilling its duties to its clients, MPM endeavors at all times to put the interests of its clients first. Clients should be aware, however, that MPM's receipt of economic benefits from a broker/dealer creates a conflict of interest since these benefits may influence the Firm's choice of broker/dealer over another that does not furnish similar software, systems support or services. Specifically, MPM may receive the following benefits from Pershing through its Pershing Advisor Solutions division:

- Receipt of duplicate client confirmations and bundled duplicate statements;
- Access to a trading desk that exclusively services its institutional traders;
- Access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and
- Access to an electronic communication network for client order entry and account information.

### Item 13 Review of Accounts

#### Account Reviews

For those clients to whom MPM provides investment management services, MPM monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. For those clients to whom MPM provides financial planning and/or consulting services, reviews are conducted on an "as needed" basis. Such reviews are conducted by one of MPM's investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals and objectives with MPM and to keep MPM informed of any changes thereto. The Firm contacts ongoing investment advisory clients at least annually to review its previous services and/or

recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

#### Account Statements and Reports

Clients are provided with transaction confirmation notices and regular summary account statements directly from the Financial Institutions where their assets are custodied. From time-to-time or as otherwise requested, clients may also receive written or electronic reports from MPM and/or an outside service provider, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. Clients should compare the account statements they receive from their custodian with those they receive from MPM or an outside service provider.

Those clients to whom MPM provides financial planning and/or consulting services will receive reports from MPM summarizing its analysis and conclusions as requested by the client or as otherwise agreed to in writing by MPM.

#### Item 14 Client Referrals and Other Compensation

##### No Solicitors

MPM is required to disclose any direct or indirect compensation that it provides for client referrals. MPM does not provide direct or indirect compensation for client referrals.

##### Other Economic Benefits

In addition, MPM is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. This type of relationship poses a conflict of interest and any such relationship is disclosed in response to Item 12, above.

#### Item 15 Custody

MPM's Agreement and/or the separate agreement with any Financial Institution may authorize MPM through such Financial Institution to debit the client's account for the amount of MPM's fee and to directly remit that management fee to MPM in accordance with applicable custody rules.

The Financial Institutions recommended by MPM have agreed to send a



statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to MPM. In addition, as discussed in Item 13, MPM may also send periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the Financial Institutions and compare them to those received from MPM.

#### Item 16 Investment Discretion

MPM may be given the authority to exercise discretion on behalf of clients. MPM is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. MPM is given this authority through a power-of-attorney included in the agreement between MPM and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). MPM takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold; and
- When transactions are made.

#### Item 17 Voting Client Securities

MPM is required to disclose if it accepts authority to vote client securities. MPM does not vote client securities on behalf of its clients. Clients receive proxies directly from the Financial Institutions.

#### Item 18 Financial Information

MPM is not required to disclose any financial information pursuant to this Item due to the following:

- The Firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of services rendered;
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and



- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.