

# Disclosure Brochure

March 1, 2021



This brochure provides information about the qualifications and business practices of Manske Wealth Management, LLC (hereinafter "MWM"). If you have any questions about the contents of this brochure, please contact Christopher Manske at (713) 581-1994. 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 Manske Wealth Management, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Registration does not imply any level of skill or training.

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## **Item 2.      Material Changes**

This Item discusses only the material changes that have occurred since MWM's last annual update. Since the last annual update dated March 1, 2020, there have been no material changes to the Disclosure Brochure.

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## Item 4. Advisory Business

MWM provides financial planning, consulting, and investment management services. Prior to engaging MWM to provide any of the foregoing investment advisory services, the client is required to enter into one or more written agreements with MWM setting forth the terms and conditions under which MWM renders its services (collectively the "*Agreement*").

MWM was formed in April 2012 but did not start conducting advisory business until August 2012. The firm is owned by Christopher Manske. MWM currently has \$308,037,139.85 in discretionary assets under management.

This Disclosure Brochure describes the business of MWM. Certain sections will also describe the activities of *Supervised Persons*. *Supervised Persons* are any of MWM's officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on MWM's behalf and is subject to MWM's supervision or control.

### Financial Planning and Consulting Services

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MWM may provide its clients with a broad range of comprehensive financial planning and consulting services. These services are tailored to the individual needs of the clients, but may include retirement planning, education planning, debt/liability management, and general goal setting. While financial planning services are generally offered as part of the firm's overall wealth management services (as described below), clients can separately engage the firm for financial planning services only.

In performing its services, MWM is not required to verify any information received from the client or from the client's other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. MWM may recommend the services of itself, its *Supervised Persons* in their individual capacities as registered representatives of a broker-dealer, and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if MWM recommends its own services. The client is under no obligation to act upon any of the recommendations made by MWM under a financial planning or consulting engagement or to engage the services of any such recommended professional, including MWM itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of MWM's recommendations. Clients are advised that it remains their responsibility to promptly notify MWM if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising MWM's previous recommendations and/or services.

### Wealth Management Services

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MWM's wealth management services generally include financial planning services as well as discretionary management of investment portfolios. As further discussed in response to Item 8, MWM primarily allocates clients' investment management assets among mutual funds, exchange-traded funds

("ETFs"), individual debt and equity securities, and to a lesser extent among *Independent Managers* (as defined below), in accordance with the investment objectives of the client. MWM also provides advice about any type of investment held in clients' portfolios.

MWM tailors its advisory services to the individual needs of clients. MWM consults with clients initially and on an ongoing basis to determine risk tolerance, time horizon and other factors that may impact the clients' investment needs. MWM ensures that clients' investments are suitable for their investment needs, goals, objectives and risk tolerance.

Clients are advised to promptly notify MWM if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon MWM's management services. Clients may impose reasonable restrictions or mandates on the management of their account (e.g., require that a portion of their assets be invested in socially responsible funds) if, in MWM's sole discretion, the conditions will not materially impact the performance of a portfolio strategy or prove overly burdensome to its management efforts.

### **Use of Independent Managers**

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On occasion, MWM may recommend that certain clients authorize the active discretionary management of a portion of their assets by and/or among certain independent investment managers ("*Independent Managers*"), based upon the stated investment objectives of the client. The terms and conditions under which the client engages the *Independent Managers* are set forth in a separate written agreement between MWM or the client and the designated *Independent Managers*. MWM renders services to the client relative to the discretionary selection of *Independent Managers*. MWM also monitors and reviews the account performance and the client's investment objectives. MWM receives an annual advisory fee which is based upon a percentage of the market value of the assets being managed by the designated *Independent Managers*.

When selecting an *Independent Manager* for a client, MWM reviews information about the *Independent Manager* such as its disclosure brochure and/or material supplied by the *Independent Manager* or independent third parties for a description of the *Independent Manager's* investment strategies, past performance and risk results to the extent available. Factors that MWM considers in recommending an *Independent Manager* include the client's stated investment objectives, management style, performance, reputation, financial strength, reporting, pricing, and research. The investment management fees charged by the designated *Independent Managers*, together with the fees charged by the corresponding designated broker-dealer/custodian of the client's assets, may be exclusive of, and in addition to, MWM's investment advisory fee set forth above. As discussed above, the client may incur additional fees than those charged by MWM, the designated *Independent Managers*, and corresponding broker-dealer and custodian.

In addition to MWM's written disclosure brochure, the client also receives the written disclosure brochure of the designated *Independent Managers*. Certain *Independent Managers* may impose more restrictive account requirements and varying billing practices than MWM. In such instances, MWM may alter its corresponding account requirements and/or billing practices to accommodate those of the *Independent Managers*.

## **Sponsor / Manager of Wrap Program**

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MWM is the sponsor and manager of the Manske Wealth Management Wrap Program (the "*Program*"), a wrap fee program. In the event the client participates in the *Program*, MWM provides its investment management services and arranges for brokerage transactions under a single annualized fee. Participants in the *Program* may pay a higher aggregate fee than if investment management and brokerage services are purchased separately. A complete description of the *Program's* terms and conditions (including fees) are contained in the *Program's* wrap fee brochure. MWM manages assets the same way within the Program as those clients not in the Program.

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

MWM offers its services on a fee basis, which may include fixed fees as well as fees based upon assets under management.

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

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For financial planning and consulting outside the firm's wealth management services, MWM may charge a fixed fee. This fee is negotiable, but generally ranges from \$1,000 to \$5,000, depending upon the level and scope of the services and the professional rendering the financial planning and/or the consulting services. If the client engages MWM for additional investment advisory services, MWM 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.

Prior to engaging MWM to provide financial planning and/or consulting services, the client is required to enter into a written agreement with MWM setting forth the terms and conditions of the engagement. Generally, MWM requires one-half of the financial planning / consulting fee payable upon entering the written agreement. The balance is generally due upon delivery of the financial plan or completion of the agreed upon services.

### **Wealth Management Fee**

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MWM provides wealth management services for an annual fee based upon a percentage of the market value of the assets being managed by MWM. MWM's annual fee is exclusive of, and in addition to

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brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. MWM does not, however, receive any portion of these commissions, fees, and costs.

MWM's annual fee is prorated and charged quarterly, in arrears, based upon the market value of the assets being managed by MWM on the last day of the previous quarter. The annual fee varies up to 1.0% depending upon the market value of the assets under management and the type of wealth management services to be rendered.

MWM, in its sole discretion, may negotiate to charge a lesser management fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, *pro bono* activities, etc.).

## **Fees Charged by Financial Institutions**

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As further discussed in response to Item 12 (below), MWM generally recommends that clients utilize the brokerage and clearing services of an independent broker-dealer for investment management accounts.

MWM may only implement its investment management recommendations after the client has arranged for and furnished MWM with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions include, but are not limited to any broker-dealers recommended by MWM, broker-dealers directed by the client, trust companies, banks etc. (collectively referred to herein as the "*Financial Institutions*").

Clients may incur certain charges imposed by the *Financial Institutions* and other third parties such as fees charged by *Independent Managers*, custodial fees, charges imposed directly by a mutual fund or ETF in the account, which are disclosed in the fund's prospectus (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. Additionally, for assets outside of any wrap fee programs, clients may incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to MWM's fee.

MWM's *Agreement* and the separate agreement with any *Financial Institutions* authorize MWM or *Independent Managers* to debit the client's account for the amount of MWM's fee and to directly remit that management fee to MWM or the *Independent Managers*. Any *Financial Institutions* recommended by MWM 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 MWM. For wealth management clients, MWM does not offer the option to be invoiced rather than have the fee debited.

## **Fees for Management During Partial Quarters of Service**

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For the initial period of investment management services, the fees are calculated on a *pro rata* basis.

The *Agreement* between MWM and the client will continue in effect until terminated by either party pursuant to the terms of the *Agreement*. MWM's fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate.

Clients may make additions to and withdrawals from their account at any time, subject to MWM's right to terminate an account. Additions may be in cash or securities provided that MWM 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 MWM, subject to the usual and customary securities settlement procedures. However, MWM designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. MWM may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

### **Commissions or Sales Charges for Recommendations of Securities**

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Clients can engage certain persons associated with MWM (but not MWM) to render securities brokerage services under a commission arrangement. Clients are under no obligation to engage such persons and may choose brokers or agents not affiliated with MWM. Under this arrangement, clients may implement securities transactions through certain of MWM's *Supervised Persons* in their respective individual capacities as registered representatives of Purshe Kaplan Sterling Investments, Inc. ("PKS"), an SEC registered broker-dealer and member of FINRA. PKS may charge brokerage commissions to effect these securities transactions and thereafter, a portion of these commissions may be paid by PKS to such *Supervised Persons*. Prior to effecting any transactions clients are required to enter into a new account agreement with PKS. The brokerage commissions charged by PKS may be higher or lower than those charged by other broker-dealers. In addition, certain of MWM's *Supervised Persons* may also receive ongoing 12b-1 fees for mutual fund purchases from the mutual fund company during the period that the client maintains the mutual fund investment.

A conflict of interest exists to the extent that MWM recommends the purchase of securities where MWM's *Supervised Persons* receive commissions or other additional compensation as a result of MWM's recommendations. MWM has procedures in place to ensure that any recommendations made by such *Supervised Persons* are in the best interest of clients.

For accounts covered by ERISA (and such others that MWM, in its sole discretion deems appropriate), MWM provides its investment advisory services on a fee-offset basis. In this scenario, MWM may offset its fees by an amount equal to the aggregate commissions and 12b-1 fees earned by MWM's *Supervised Persons* in their individual capacities as registered representatives of PKS.



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

MWM does not provide any services for performance-based fees. Performance-based fees are those based on a share of capital gains on or capital appreciation of the assets of a client.

## Item 7. Types of Clients

MWM provides its services to individuals, trusts, estates, corporations and business entities.

### Minimum Fee

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As a condition for starting and maintaining a relationship, MWM generally imposes a minimum annual fee of \$1,500. This minimum fee may have the effect of making MWM's service impractical for certain clients. MWM, in its sole discretion, may waive its minimum annual fee based upon certain criteria including anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, and *pro bono* activities.

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

### Methods of Analysis

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MWM's primary methods of analysis includes elements of fundamental, technical and cyclical analysis.

*Fundamental analysis* involves the fundamental financial condition and competitive position of a company. MWM will analyze the financial condition, capabilities of management, earnings, new products and services, as well as the company's markets and position amongst its competitors in order to determine the recommendations made to clients. The primary risk in using fundamental analysis is that while the overall health and position of a company may be good, market conditions may negatively impact the security.

*Technical analysis* involves the analysis of past market data rather than specific company data in determining the recommendations made to clients. Technical analysis may involve the use of charts to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. The primary risk in using technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that MWM will be able to accurately predict such a reoccurrence.

*Cyclical analysis* is similar to technical analysis in that it involves the analysis of market conditions at a macro (entire market/economy) or micro (company specific) level, rather than the overall fundamental

analysis of the health of the particular company that MWM is recommending. The risks with cyclical analysis are similar to those of technical analysis.

## Investment Strategies

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Prior to developing a portfolio, MWM meets with each client to learn about the client's goals for both their portfolio and their life to understand what matters most. The firm seeks to obtain a deep understanding of a client's total financial profile prior to developing an asset allocation strategy. Rather than comparing performance against a market benchmark, the firm instead uses the client's individual goals as the comparative benchmark. To implement portfolios through its asset allocation process, MWM primarily uses a combination of mutual funds, ETFs, and individual stocks and bonds. In addition, MWM may also incorporate hedge funds and unit investment trusts into a portfolio, and may allocate a portion of the assets to one or more *Independent Managers*.

## Risks of Loss

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### *Mutual Funds and Exchange Traded Funds (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 a premium or discount to 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 50,000 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.

## *Market Risks*

The profitability of a portion of MWM'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 MWM will be able to predict those price movements accurately.

## *Use of Independent Managers*

MWM may recommend the use of *Independent Managers* for certain clients. MWM will continue to do ongoing due diligence of such managers, but such recommendations rely, to a great extent, on the *Independent Managers* ability to successfully implement their investment strategy. In addition, MWM does not have the ability to supervise the *Independent Managers* on a day-to-day basis other than as previously described in response to Item 4, above.

## *Use of Private Collective Investment Vehicles*

MWM may recommend the investment by certain clients in privately placed collective investment vehicles (some of which may be typically called "hedge funds"). The managers of these vehicles will have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. The hedge funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, there is an absence of regulation. There are numerous other risks in investing in these securities. The client will receive a private placement memorandum and/or other documents explaining such risks.

## *General Risk of Loss*

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

## **Item 9. Disciplinary Information**

MWM is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. MWM does not have any required disclosures to this Item.

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

MWM is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons.

As discussed above in Item 5, certain of MWM's *Supervised Persons* are registered representatives of *PKS*.

## Item 11. Code of Ethics

MWM and persons associated with MWM ("Associated Persons") are permitted to buy or sell securities that it also recommends to clients consistent with MWM's policies and procedures.

MWM has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws ("*Code of Ethics*"). When MWM is purchasing or considering for purchase any security on behalf of a client, no *Covered Person* (as defined below) may effect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security. Similarly, when MWM is selling or considering the sale of any security on behalf of a client, no *Covered Person* may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security.

Unless specifically defined in MWM's procedures (summarized above), neither MWM nor any of MWM's Associated Persons may effect for himself or herself, for an Associated Person's immediate family (i.e., spouse, minor children, and adults living in the same household as the Associated Person), or for trusts for which the Associated Person serves as a trustee or in which the Associated Person has a beneficial interest (collectively "*Covered Persons*"), any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of MWM's clients.

The foregoing policies and procedures are not applicable to (a) transactions effected in any account over which neither MWM nor any of its *Supervised Persons* (as defined in this Form ADV) has any direct or indirect influence or control; and (b) transactions in securities that are: direct obligations of the government of the United States; bankers' acceptances, bank certificates of deposit, commercial paper, and high quality short-term debt instruments, including repurchase agreements; or shares issued by registered open-end investment companies.

This policy has been established recognizing that some securities being considered for purchase and sale on behalf of MWM's clients trade in sufficiently broad markets to permit transactions by clients to be completed without any appreciable impact on the markets of such securities. Under certain limited circumstances, exceptions may be made to the policies stated above. MWM will maintain records of these trades, including the reasons for any exceptions.

In accordance with applicable laws, MWM also maintains and enforces written policies reasonably designed to prevent the unlawful use of material non-public information by MWM or any of its *Supervised Persons*.

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

## Item 12. Brokerage Practices

MWM generally recommends that clients utilize the brokerage and clearing services of Charles Schwab & Co., Inc. ("*Schwab*") for investment management accounts.

Factors which MWM considers in recommending *Schwab* or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. *Schwab* enables MWM to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by *Schwab* may be higher or lower than those charged by other *Financial Institutions*.

The commissions paid by MWM's clients comply with MWM'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 MWM 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. MWM seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

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

The client may direct MWM in writing to use a particular *Financial Institution* to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that *Financial Institution*, and MWM will not seek better execution services or prices from other *Financial Institutions* or be able to "batch" client transactions for execution through other *Financial Institutions* with orders for other accounts managed by MWM (as described below). As a result, the 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. Subject to its duty of best execution, MWM may decline a client's request to direct brokerage if, in MWM's sole discretion, such directed brokerage arrangements would result in additional operational difficulties or violate restrictions imposed by other broker-dealers (as further discussed below).

Transactions for each client generally will be effected independently, unless MWM decides to purchase or sell the same securities for several clients at approximately the same time. MWM may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among MWM's clients differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among MWM's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent

that MWM determines to aggregate client orders for the purchase or sale of securities, including securities in which MWM's *Supervised Persons* may invest, MWM generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. MWM does not receive any additional compensation or remuneration as a result of the aggregation. In the event that MWM determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, MWM may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

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 MWM in its investment decision-making process. Such research generally will be used to service all of MWM'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 MWM does not have to produce or pay for the products or services.

### **Commissions or Sales Charges for Recommendations of Securities**

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As discussed above, certain *Supervised Persons* in their respective individual capacities, are registered representatives of *PKS*. These *Supervised Persons* are subject to FINRA Rule 3040 which restricts registered representatives from conducting securities transactions away from their broker-dealer unless *PKS* provides written consent. Therefore, clients are advised that certain *Supervised Persons* may be restricted to conducting securities transactions through *PKS* unless they first secure written consent from *PKS* to execute securities transactions through a different broker-dealer. Absent such written consent or separation from *PKS*, these *Supervised Persons* are prohibited from executing securities transactions through any broker-dealer other than *PKS* under *PKS*'s internal supervisory policies. MWM is cognizant of its duty to obtain best execution and has implemented policies and procedures reasonably designed in such pursuit.

## Software and Support Provided by Financial Institutions

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MWM may receive from *Schwab*, without cost to MWM, computer software and related systems support, which allow MWM to better monitor client accounts maintained at *Schwab*. MWM may receive the software and related support without cost because MWM renders investment management services to clients that maintain assets at *Schwab*. 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 MWM, but not its clients directly. In fulfilling its duties to its clients, MWM endeavors at all times to put the interests of its clients first. Clients should be aware, however, that MWM’s receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence MWM’s choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

Additionally, MWM may receive the following benefits from *Schwab* through its Schwab Institutional division: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services the Schwab Institutional participants; 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

For those clients to whom MWM provides wealth management services, MWM 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 MWM provides financial planning and/or consulting services, reviews are conducted on an “as needed” basis. Such reviews are conducted by one of the firm’s investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with MWM and to keep MWM informed of any changes thereto. MWM 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.

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. Those clients to whom MWM provides wealth advisory services will also receive a report from MWM that may include such relevant account and/or market-related information such as an inventory of account holdings and account performance as clients may request from time to time. Clients should compare the account statements they receive from their custodian with those they receive from MWM.



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

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

MWM is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. In addition, MWM is required to disclose any direct or indirect compensation that it provides for client referrals.

MWM may receive economic benefits from non-clients for providing advice or other advisory services to clients. This type of relationship poses a conflict of interest and any such relationship is disclosed in response to Item 12, above.

MWM does not provide compensation for client referrals.

### **Item 15. Custody**

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

The *Financial Institutions* recommended by MWM 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 MWM. In addition, as discussed in Item 13, MWM also sends periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the *Financial Institutions* and compare them to those received from MWM.

### **Item 16. Investment Discretion**

MWM is given the authority to exercise discretion on behalf of clients. MWM 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. MWM is given this authority through a power-of-attorney included in the agreement between MWM and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). MWM takes discretion over the following activities:

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



- The *Independent Managers* to be hired or fired.

### **Item 17. Voting Client Securities**

MWM is required to disclose if it accepts authority to vote client securities. MWM does not vote client securities on behalf of its clients. Clients receive proxies directly from the *Financial Institutions* and may contact MWM with any questions by calling the number on the cover of this brochure.

### **Item 18. Financial Information**

MWM does not require or solicit the prepayment of more than \$500 in fees six months or more in advance. In addition, MWM is required to disclose any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. MWM has no disclosures pursuant to this Item.

