

**FORM ADV PART 2A  
DISCLOSURE BROCHURE**

**Moulton Wealth Management, Inc**

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This brochure provides information about the qualifications and business practices of Moulton Wealth Management, Inc. Being registered as a registered investment adviser does not imply a certain level of skill or training. If you have any questions about the contents of this brochure, please contact us at 509-922-3110. 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 Moulton Wealth Management, Inc (CRD #304598) is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

**FEBRUARY 2,  
2021**

## **Item 2: Material Changes**

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### **Annual Update**

The Material Changes section of this brochure will be updated annually or when material changes occur since the previous release of the Firm Brochure.

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### **Material Changes since the Last Update**

This update is in accordance with the required annual update for Registered Investment Advisors. Since the last filing on May 28, 2020 the following changes have occurred:

- Item 4 has been updated to reflect the most recent calculation of assets under management.
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### **Full Brochure Available**

This Firm Brochure being delivered is the complete brochure for the Firm.

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## **Item 4: Advisory Business**

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### **Firm Description**

Moulton Wealth Management, Inc (“MWM”) was founded in 2008 and became a Registered Investment Advisor in 2019. Don Moulton and Rial Moulton each have 50% ownership.

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### **Types of Advisory Services**

#### ASSET MANAGEMENT

Please see Form ADV2A & 2B – WRAP Brochure Appendix.

As part of the recommendations provided, the Client may have a retirement cash flow plan completed. This may include, but is not limited to a thorough review of all applicable topics such as Wills, Estate Plans and Trusts, Investments, Taxes, Qualified Plans, Insurance, Retirement Income, Social Security, and College Planning. If a conflict of interest exists between the interests of MWM and the interests of the Client, the Client is under no obligation to act upon MWM’s recommendation. If the Client elects to act on any of the recommendations, the Client is under no obligation to effect the transaction through MWM. This service will be provided at no additional cost to the Client.

#### SEMINARS AND WORKSHOPS

MWM holds seminars and workshops to educate the public on different types of investments and the different services they offer. The seminars are educational in nature and no specific investment or tax advice is given.

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

The goals and objectives for each Client are documented in our Client files. Investment strategies are created that reflect the stated goals and objectives. Clients may impose restrictions on investing in certain securities or types of securities. MWM reserves the right to refuse any accounts if they determine, in their discretion, that the client’s proposed restrictions will be detrimental to the client’s goals. The client will have the option of altering the restrictions or not working with MWM.

Agreements may not be assigned without written Client consent.

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### **Wrap Fee Programs**

MWM sponsors a wrap fee program which provides Clients with the ability to trade in certain investment products without incurring separate brokerage commissions or transaction charges. A wrap fee program is considered any arrangement under which Clients receive investment advisory services (which may include portfolio management or advice concerning the selection of other investment advisers) and the execution of Client transactions for a specified fee or fees not based upon transactions in their accounts. Clients must also open a new securities brokerage account and complete a new account agreement with TD Ameritrade, or another broker-dealer that MWM approves under the Program (collectively “Financial Institutions”).

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### **Client Assets under Management**

As of December 31, 2020, MWM had \$142,565,000 in assets under management on a discretionary basis and \$0 on a non-discretionary basis.

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

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### **Method of Compensation and Fee Schedule**

#### ASSET MANAGEMENT

Fees for these services range from .75-1.25%. Please see Form ADV2A & 2B – WRAP Brochure Appendix for specifics.

#### SEMINARS AND WORKSHOPS

MWM holds seminars and workshops to educate the public on different types of investments and the different services they offer. The seminars are educational in nature and no specific investment or tax advice is given.

MWM does not charge a fee for attendance to these seminars.

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### **Client Payment of Fees**

Investment management fees are billed quarterly in arrears, meaning that we invoice you after the billing period. Fees are usually deducted from a designated Client account to facilitate billing. The Client must consent in advance to direct debiting of their investment account.

MWM, in its discretion, may waive its minimum fee and/or charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with Clients, etc.).

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### **Additional Client Fees Charged**

Custodians may charge transaction fees on purchases or sales of certain mutual funds, equities, and exchange-traded funds. These charges may include mutual fund transaction fees, postage and handling and miscellaneous fees.

For more details on the brokerage practices, see Item 12 of this brochure.

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### **Prepayment of Client Fees**

MWM does not require any prepayment of fees.

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### **External Compensation for the Sale of Securities to Clients**

Investment Advisor Representatives of MWM receive external compensation from sales of investment related products such as insurance as licensed insurance agents. This represents a conflict of interest because it gives an incentive to recommend products based on the commission received. This conflict is mitigated by disclosures, procedures, and MWM's fiduciary obligation to place the best interest of the Client first and Clients are not required to purchase any products or services. Clients have the option to purchase these products through another insurance agent of their choosing. .

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

### **Sharing of Capital Gains**

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

MWM does not use a performance-based fee structure because of the conflict of interest. Performance based compensation may create an incentive for MWM to recommend an investment that may carry a higher degree of risk to the Client.

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

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### **Description**

MWM generally provides investment advice to individuals, high net worth individuals and trusts.

Client relationships vary in scope and length of service.

### **Account Minimums**

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MWM requires a minimum of \$350,000 to open an account. In certain instances, the minimum account size may be lowered or waived.

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

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### **Methods of Analysis**

Security analysis methods may include fundamental analysis, technical analysis, charting, and cyclical analysis. Investing in securities involves risk of loss that Clients should be prepared to bear. Past performance is not a guarantee of future returns.

Fundamental analysis concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

Technical analysis attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not take into account new patterns that emerge over time.

Charting analysis strategy involves using and comparing various charts to predict long and short term performance or market trends. The risk involved in using this method is that only past performance data is considered without using other methods to crosscheck data. Using charting analysis without other methods of analysis would be making the assumption that past performance will be indicative of future performance. This may not be the case.

Cyclical analysis assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are twofold: 1) the markets do not always repeat cyclical patterns; and 2) if too many investors begin to implement this strategy, then it changes the very cycles these investors are trying to exploit.

In developing a plan for a Client, MWM's analysis may include cash flow analysis, investment planning, risk management, tax planning and estate planning. Based on the information gathered, a detailed strategy is tailored to the Client's specific situation.



The main sources of information include financial newspapers and magazines, annual reports, subscriptions, prospectuses, and filings with the Securities and Exchange Commission.

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### **Investment Strategy**

The investment strategy for a specific Client is based upon the objectives stated by the Client during consultations. The Client may change these objectives at any time by providing written notice to MWM. Each Client executes a Client profile form or similar form that documents their objectives and their desired investment strategy.

Other strategies may include long-term purchases, short-term purchases.

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### **Security Specific Material Risks**

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks and should discuss these risks with MWM:

- *Market Risk:* The prices of securities held by mutual funds or Exchange Traded Funds (ETFs) in which Clients invest may decline in response to certain events taking place around the world, including those directly involving the companies whose securities are owned by a fund; conditions affecting the general economy; overall market changes; local, regional or global political, social or economic instability; and currency, interest rate and commodity price fluctuations. Investors should have a long-term perspective and be able to tolerate potentially sharp declines in market value.
- *Interest-rate Risk:* Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- *Inflation Risk:* When any type of inflation is present, a dollar today will buy more than a dollar next year, because purchasing power is eroding at the rate of inflation.
- *Currency Risk:* Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- *Reinvestment Risk:* This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- *Liquidity Risk:* Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- *Management Risk:* The advisor's investment approach may fail to produce the intended results. If the advisor's assumptions regarding the performance of a specific asset class or fund are not realized in the expected time frame, the overall performance of the Client's portfolio may suffer.
- *Equity Risk:* Equity securities tend to be more volatile than other investment choices. The value of an individual mutual fund or ETF can be more volatile than the market

as a whole. This volatility affects the value of the Client's overall portfolio. Small- and mid-cap companies are subject to additional risks. Smaller companies may experience greater volatility, higher failure rates, more limited markets, product lines, financial resources, and less management experience than larger companies. Smaller companies may also have a lower trading volume, which may disproportionately affect their market price, tending to make them fall more in response to selling pressure than is the case with larger companies.

- *Fixed Income Risk:* The issuer of a fixed income security may not be able to make interest and principal payments when due. Generally, the lower the credit rating of a security, the greater the risk that the issuer will default on its obligation. If a rating agency gives a debt security a lower rating, the value of the debt security will decline because investors will demand a higher rate of return. As nominal interest rates rise, the value of fixed income securities held by a fund is likely to decrease. A nominal interest rate is the sum of a real interest rate and an expected inflation rate.
- *Investment Companies Risk:* When a Client invests in open end mutual funds or ETFs, the Client indirectly bears their proportionate share of any fees and expenses payable directly by those funds. Therefore, the Client will incur higher expenses, which may be duplicative. In addition, the Client's overall portfolio may be affected by losses of an underlying fund and the level of risk arising from the investment practices of an underlying fund (such as the use of derivatives). ETFs are also subject to the following risks: (i) an ETF's shares may trade at a market price that is above or below their net asset value or (ii) trading of an ETF's shares may be halted if the listing exchange's officials deem such action appropriate, the shares are delisted from the exchange, or the activation of market-wide "circuit breakers" (which are tied to large decreases in stock prices) halts stock trading generally. Adviser has no control over the risks taken by the underlying funds in which Client invests.
- *REIT Risk:* To the extent that a Client invests in REITs, it is subject to risks generally associated with investing in real estate, such as (i) possible declines in the value of real estate, (ii) adverse general and local economic conditions, (iii) possible lack of availability of mortgage funds, (iv) changes in interest rates, and (v) environmental problems. In addition, REITs are subject to certain other risks related specifically to their structure and focus such as: dependency upon management skills; limited diversification; the risks of locating and managing financing for projects; heavy cash flow dependency; possible default by borrowers; the costs and potential losses of self-liquidation of one or more holdings; the possibility of failing to maintain exemptions from securities registration; and, in many cases, relatively small market capitalization, which may result in less market liquidity and greater price volatility.
- *Derivatives Risk:* Funds in a Client's portfolio may use derivative instruments. The value of these derivative instruments derives from the value of an underlying asset, currency or index. Investments by a fund in such underlying funds may involve the risk that the value of the underlying fund's derivatives may rise or fall more rapidly than other investments, and the risk that an underlying fund may lose more than the amount that it invested in the derivative instrument in the first place. Derivative instruments also involve the risk that other parties to the derivative contract may fail to meet their obligations, which could cause losses.

- *Foreign Securities Risk:* Funds in which Clients invest may invest in foreign securities. Foreign securities are subject to additional risks not typically associated with investments in domestic securities. These risks may include, among others, currency risk, country risks (political, diplomatic, regional conflicts, terrorism, war, social and economic instability, currency devaluations and policies that have the effect of limiting or restricting foreign investment or the movement of assets), different trading practices, less government supervision, less publicly available information, limited trading markets and greater volatility. To the extent that underlying funds invest in issuers located in emerging markets, the risk may be heightened by political changes, changes in taxation, or currency controls that could adversely affect the values of these investments. Emerging markets have been more volatile than the markets of developed countries with more mature economies.
- *Long-term purchases:* Long-term investments are those vehicles purchased with the intension of being held for more than one year. Typically the expectation of the investment is to increase in value so that it can eventually be sold for a profit. In addition, there may be an expectation for the investment to provide income. One of the biggest risks associated with long-term investments is volatility, the fluctuations in the financial markets that can cause investments to lose value.
- *Short-term purchases:* Short-term investments are typically held for one year or less. Generally there is not a high expectation for a return or an increase in value. Typically, short-term investments are purchased for the relatively greater degree of principal protection they are designed to provide. Short-term investment vehicles may be subject to purchasing power risk — the risk that your investment’s return will not keep up with inflation.
- *Trading risk:* Investing involves risk, including possible loss of principal. There is no assurance that the investment objective of any fund or investment will be achieved.
- *Leveraged Risk:* The risks involved with using leverage may include compounding of returns (this works both ways – positive and negative), possible reset periods, volatility, use of derivatives, active trading and high expenses.
- *Inverse Risk:* The risks involved with using inverse funds may include compounding of returns (this works both ways – positive and negative), possible reset periods, volatility, use of derivatives, active trading and high expenses.

## **Item 9: Disciplinary Information**

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### **Criminal or Civil Actions**

MWM and its management have not been involved in any criminal or civil action.

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### **Administrative Enforcement Proceedings**

MWM and its management have not been involved in administrative enforcement proceedings.

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### **Self-Regulatory Organization Enforcement Proceedings**

MWM and its management have not been involved in legal or disciplinary events that are material to a Client’s or prospective Client’s evaluation of MWM or the integrity of its management.

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

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### **Broker-Dealer or Representative Registration**

MWM is not registered as a broker-dealer and no affiliated representatives of MWM are registered representatives of a broker-dealer.

### **Futures or Commodity Registration**

Neither MWM nor its affiliated representatives are registered or have an application pending to register as a futures commission merchant, commodity pool operator, or a commodity trading advisor.

### **Material Relationships Maintained by this Advisory Business and Conflicts of Interest**

Investment Advisor Representatives of the firm may have financial industry affiliated businesses as independent insurance agents. They receive commissions from insurance companies on the insurance products they sell. From time to time, they will offer clients products and/or services from these activities. Less than 10% of the investment advisor representatives' time is spent in these activities.

These practices represent a conflict of interest because it gives an incentive to recommend products and services based on the commission received. This conflict is mitigated by disclosures, procedures, and the firm's fiduciary obligation to place the best interest of the client first and the clients are not required to purchase any products or services. Clients have the option to purchase these products or services through another insurance agent of their choosing.

Rial Moulton is also the owner of Moulton Realty Inc, approximately 0.5% of his time is spent on this activity. There is no conflict of interest as advisory clients of MWM are not solicited for services for Moulton Realty Inc.

### **Recommendations or Selections of Other Investment Advisors and Conflicts of Interest**

MWM does not select or recommend other investment advisors.

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

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### **Code of Ethics Description**

The affiliated persons (affiliated persons include employees and/or independent contractors) of MWM have committed to a Code of Ethics ("Code"). The purpose of our Code is to set forth standards of conduct expected of MWM affiliated persons and addresses conflicts that may arise. The Code defines acceptable behavior for affiliated persons of MWM. The Code reflects MWM and its supervised persons' responsibility to act in the best interest of their Client.

One area which the Code addresses is when affiliated persons buy or sell securities for their personal accounts and how to mitigate any conflict of interest with our Clients. We do not allow any affiliated persons to use non-public material information for their personal profit or to use internal research for their personal benefit in conflict with the benefit to our Clients.

MWM's policy prohibits any person from acting upon or otherwise misusing non-public or inside information. No advisory representative or other affiliated person, officer or director of MWM may recommend any transaction in a security or its derivative to advisory Clients

or engage in personal securities transactions for a security or its derivatives if the advisory representative possesses material, non-public information regarding the security.

MWM's Code is based on the guiding principle that the interests of the Client are our top priority. MWM's officers, directors, advisors, and other affiliated persons have a fiduciary duty to our Clients and must diligently perform that duty to maintain the complete trust and confidence of our Clients. When a conflict arises, it is our obligation to put the Client's interests over the interests of either affiliated persons or the company.

The Code applies to "access" persons. "Access" persons are affiliated persons who have access to non-public information regarding any Clients' purchase or sale of securities, or non-public information regarding the portfolio holdings of any reportable fund, who are involved in making securities recommendations to Clients, or who have access to such recommendations that are non-public.

MWM will provide a copy of the Code of Ethics to any Client or prospective Client upon request.

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### **Investment Recommendations Involving a Material Financial Interest and Conflict of Interest**

MWM and its affiliated persons do not recommend to Clients securities in which we have a material financial interest.

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### **Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest**

MWM and its affiliated persons may buy or sell securities that are also held by Clients. In order to mitigate conflicts of interest such as trading ahead of Client transactions, affiliated persons are required to disclose all reportable securities transactions as well as provide MWM with copies of their brokerage statements.

The Chief Compliance Officer of MWM is Rial R. Moulton. He reviews all trades of the affiliated persons each quarter. The personal trading reviews ensure that the personal trading of affiliated persons does not affect the markets and that Clients of the firm receive preferential treatment over associated persons' transactions.

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### **Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest**

MWM does not maintain a firm proprietary trading account and does not have a material financial interest in any securities being recommended and therefore no conflicts of interest exist. However, affiliated persons may buy or sell securities at the same time they buy or sell securities for Clients. In order to mitigate conflicts of interest such as front running, affiliated persons are required to disclose all reportable securities transactions as well as provide MWM with copies of their brokerage statements.

The Chief Compliance Officer of MWM is Rial R. Moulton. He reviews all employee trades each quarter. The personal trading reviews ensure that the personal trading of affiliated persons does not affect the markets and that Clients of the firm receive preferential treatment over associated persons' transactions.

## **Item 12: Brokerage Practices**

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### **Factors Used to Select Broker-Dealers for Client Transactions**

MWM may recommend the use of a particular broker-dealer such as TD Ameritrade Institutional is a Division of TD Ameritrade, Inc., Member FINRA/SIPC ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member or may utilize a broker-dealer of the Client's choosing. MWM will select appropriate brokers based on a number of factors including but not limited to their relatively low transaction fees and reporting ability. MWM relies on its broker to provide its execution services at the best prices available. Lower fees for comparable services may be available from other sources. Clients pay for any and all custodial fees in addition to the advisory fee charged by MWM.

- *Directed Brokerage*  
MWM does not allow directed brokerage accounts.
- *Best Execution*  
Investment advisors who manage or supervise Client portfolios have a fiduciary obligation of best execution. The determination of what may constitute best execution and price in the execution of a securities transaction by a broker involves a number of considerations and is subjective. Factors affecting brokerage selection include the overall direct net economic result to the portfolios, the efficiency with which the transaction is effected, the ability to affect the transaction where a large block is involved, the operational facilities of the broker-dealer, the value of an ongoing relationship with such broker and the financial strength and stability of the broker. The firm does not receive any portion of the trading fees.
- *Soft Dollar Arrangements*  
MWM does not receive soft dollar benefits.

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### **Aggregating Securities Transactions for Client Accounts**

MWM is authorized in its discretion to aggregate purchases and sales and other transactions made for the account with purchases and sales and transactions in the same securities for other Clients of MWM. All Clients participating in the aggregated order shall receive an average share price with all other transaction costs shared on a pro-rated basis.

## **Item 13: Review of Accounts**

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### **Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved**

Account reviews are performed quarterly by the Chief Compliance Officer of MWM. Account reviews are performed more frequently when market conditions dictate. Reviews of Client accounts include, but are not limited to, a review of Client documented risk tolerance, adherence to account objectives, investment time horizon, and suitability criteria, reviewing target bans of each asset class to identify if there is an opportunity for rebalancing, and reviewing accounts for tax loss harvesting opportunities.

Retirement Cash Flow plans generated are updated as requested by the Client and pursuant to a new or amended agreement, MWM suggests updating as needed.

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### **Review of Client Accounts on Non-Periodic Basis**

Other conditions that may trigger a review of Clients' accounts are changes in the tax laws, new investment information, and changes in a Client's own situation.

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**Content of Client Provided Reports and Frequency**

Clients receive written account statements no less than quarterly for managed accounts. Account statements are issued by MWM's custodian. Client receives confirmations of each transaction in account from Custodian and an additional statement during any month in which a transaction occurs.

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

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**Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest**

MWM does not receive any economic benefits from external sources.

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**Advisory Firm Payments for Client Referrals**

MWM does not compensate for Client referrals.

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**Item 15: Custody**

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**Account Statements**

All assets are held at qualified custodians, which means the custodians provide account statements directly to Clients at their address of record at least quarterly. Clients are urged to compare the account statements received directly from their custodians to any documentation or reports prepared by MWM. Clients are urged to report any discrepancies to MWM.

MWM is deemed to have constructive custody solely because advisory fees are directly deducted from Client's accounts by the custodian on behalf of MWM.

MWM and its qualified custodian meet the following seven (7) conditions in order to avoid maintaining full custody:

1. 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.
2. The Client authorizes MWM, 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.
3. 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.
4. The Client has the ability to terminate or change the instruction to the Client's qualified custodian.
5. MWM 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.
6. MWM maintains records showing that the third party is not a related party of MWM or located at the same address as MWM.

The Client's qualified custodian sends the Client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

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**Item 16: Investment Discretion**

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**Discretionary Authority for Trading**

MWM requires discretionary authority to manage securities accounts on behalf of Clients. MWM has the authority to determine, without obtaining specific Client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold.

MWM allows Client's to place certain restrictions, to be requested in writing by the client. Such restrictions could include only allowing purchases of socially conscious investments.

MWM retains the right, at its discretion, to reject any unreasonable restrictions. If MWM rejects a Client restriction, the Client will retain the right to alter the restriction or move the account to a different advisor.

The Client approves the custodian to be used.

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**Item 17: Voting Client Securities**

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**Proxy Votes**

MWM does not vote, or recommend votes for proxies on securities. Clients are expected to vote their own proxies. The Client will receive their proxies directly from the custodian of their account or from a transfer agent.

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**Item 18: Financial Information**

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**Balance Sheet**

A balance sheet is not required to be provided because MWM does not serve as a custodian for Client funds or securities and MWM does not require prepayment of fees of more than \$1,200 per Client and six months or more in advance.

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**Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients**

MWM has no condition that is reasonably likely to impair our ability to meet contractual commitments to our Clients.

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**Bankruptcy Petitions during the Past Ten Years**

MWM has not had any bankruptcy petitions in the last ten years.